



2024 ESG REPORT





VALLEN EXECUTIVE LEADERSHIP TEAM

*From left: Janine McManus, Chief Human Resources Officer | Kris Burgoon, Chief Marketing Officer | Karen Chester, President, Vallen Canada
Chuck Delph, CEO | Will Lutz, Chief Business Development Officer | James Melton, Chief Financial Officer | Daniel González, President, Vallen Mexico
Kim Garrett, Chief Information Officer | Doug Ball, Chief Operating Officer*

Not pictured: Kevin Pugh, President, Vallen United States | Sonia Timmons, Senior Vice President, Finance | Kyle Weber, President, Global Integrated Supply

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Shown opposite, the sculpture “Solar Romp” was purchased in 1999 from artist David Stromeyer and sits at Vallen’s headquarters in Belmont, North Carolina. Weighing over 5.5 tons and measuring 41 feet in length, 29 feet wide and 14 feet high, it illustrates the strength and structure of metal and the tremendous force and industry involved in shaping it, while its graceful curves appear effortless.

For Vallen, it expresses the combination of our core values of grit, resilience, and adaptability.

Why ESG matters

Depending on who you ask, there are a lot of answers to the question: *Why does ESG matter?* Some will say it’s just the right thing to do. Others may say it’s important to protect our planet for future generations, or to treat people fairly, or to ensure information is secure and private. Some will say it’s a business decision and that companies with ESG initiatives perform better—they are more effective, more innovative, and potentially more profitable.

For Vallen, there are three reasons why ESG matters:

Impact. Investment. Trust.

Impact matters because our actions affect the world around us, not just today but well into the future. The opportunity we have to lower the environmental impact through more sustainable actions cannot be overstated or overlooked.

Investment matters because our human capital—our Vallen team—is what makes us successful. Unless we invest in our people, we risk losing the talent that brings innovative ideas to the table and puts those ideas into action.

Trust matters above all. We live our core values, and our customers expect us to understand their business and trust us to help them achieve their goals. This includes leveraging technology along with pure grit and determination to get the right things done, in the right way.

This ESG Report shares how we’re producing results by focusing on what matters to our customers, supplier partners, Vallen associates, and our community.



A handwritten signature in blue ink that reads "Chuck Delph".

Chuck Delph
CEO

Mission

We tackle the tough jobs, saving time and creating value for Vallen and those we serve.

Vision

To be the partner to turn to for innovative and sustainable solutions, and to be a workplace where our associates thrive.

Values

We are ADAPTABLE. We look for ways to reap the benefits of change so our customers and our business will thrive.

We show GRIT. We know when to roll up our sleeves and make things happen.

We are RESILIENT. We take advantage of disruption to foster innovation.

We are focused on SAFETY in our products and solutions, our work processes, and for our people.

We have a COMPETITIVE spirit. Our team wins by creating value and delivering quality.

We CARE about our customers, our suppliers, our teammates, our communities, and our environment.

With roots reaching as far back as 1865, Vallen's history spans more than 150 years. During that time, our focus has always been on doing the right thing and serving our customers, holding safety as a top priority.

We're ranked among the top industrial distributors by [Industrial Distribution](#) and [Modern Distribution Management](#), with revenues topping \$3 billion and more than 5000 employees across North America and Europe. With an acquisition in early 2024, Vallen has more than 700 integrated sites and is one of the largest integrators worldwide.

Across countries and continents, Vallen associates share a belief in our Mission and Vision. Core Values are part of our culture and reflect who we are as a company. These values help us determine the right actions to take for ourselves, our business partners, and the world around us.

Our "values in action" are highlighted throughout this Annual Report.

Healthier planet, healthier people

“We’re committed to lessening our impact on the planet by reducing energy use, creating efficiency, and building partnerships for sustainable products and solutions.

We’ve installed energy efficient lighting, implemented waste management and recycling practices, and set goals for continued energy reduction.

We’re also focused on safety and health through our safety solutions, products and processes, and for our Vallen team, customers, and supplier partners.

Every action we take creates a ripple effect, building momentum and expanding outward. ”



Kris Burgoon
Chief Marketing Officer



VALLEN CANADA'S NEW HEADQUARTERS AND DISTRIBUTION CENTRE IS DESIGNED FOR ENERGY EFFICIENCY AND SUSTAINABILITY

After operating for more than 40 years in the same location, Valen Canada had outgrown its facility and needed an up-to-date building to accommodate operational needs for automation along with additional square footage. Goals for relocation also included easy accessibility for customers and Valen associates and decreasing Valen's carbon footprint through sustainable features and practices.

Planning and development stages began after Board approval and continued throughout 2023 with site selection and upfitting. With its grand opening in April 2024, the new distribution centre increases warehouse space from 113,000 square feet to more than 175,000 square feet, with 36-foot clear ceilings and 42 shipping doors.

Prior to opening, Valen began touring customers through the new space to showcase the improvements that would enhance customer service and expedite order fulfillment.

Designed to meet LEED certification standards, the building's energy-saving features include:

- Cambridge heating units
- 2000a 600V power
- TPO roof system to reduce cooling costs
- Extra glazing and warehouse windows
- LED high bay with motion sensors to reduce energy costs
- Opportunity-charging forklift station
- Five EV charging stations
- Solar-ready
- Close proximity to public transit as well as trucking routes



OUR VALUES IN ACTION:

WE ARE **ADAPTABLE**. WE LOOK FOR WAYS TO REAP THE BENEFITS OF CHANGE SO OUR CUSTOMERS AND OUR BUSINESS WILL THRIVE.

The new facility integrates advanced automation equipment and robotics, including the OPEX® Perfect Pick® system and Modula vertical lift. The increased automation will allow a later cut-off time for orders that can still meet next-day delivery—increasing speed to market as well as accuracy.

OPEX® Perfect Pick® is an automated storage and retrieval system that uses wireless robots to retrieve and put away goods. It offers a secure energy-efficient option that expedites the picking

process, while vastly increasing storage capacity.

The Modula vertical lift module also optimizes storage by reducing the floor space needed, increases picking accuracy, and streamlines inventory management.

These innovations move goods to person to increase efficiency while prioritizing the safety of Vallen associates by reducing slip, trip and fall hazards.

In addition to the distribution centre, an open concept, 30,000-square-foot office space enhances

team connectivity while offering privacy and ergonomic features to assure associate comfort and safety.

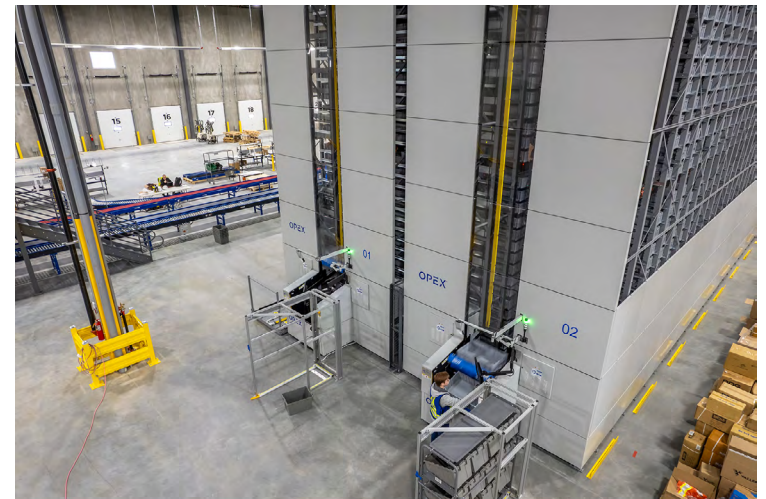
The facility's secure and energy-efficient design streamlines operations and maximizes space utilization, reflecting Vallen's dedication to innovation, sustainability, and creating value. Additionally, the new space reflects Vallen's culture of caring for associates, customers, community, and the environment. Come visit us at 3256 - 56 Avenue in Edmonton, Alberta.

“We are thrilled to mark the opening of our new distribution centre in Edmonton—a testament to our relentless pursuit of excellence.”



Karen Chester
President, Vallen Canada

This cutting-edge facility amplifies our ability to meet customer demands and affirms our commitment to innovation, sustainability, and the safety of our team. With this milestone, we're poised to deliver unparalleled service while championing sustainable practices.



From top: The OPEX® Perfect Pick® system measures 32 1/2 feet high and 112 feet deep.

The system stores 14,000 totes and delivers goods to person by wireless robotics.



Forklifts connect to “opportunity charging” stations when not in use.

Five EV charging stations are available for customers and Vallen associates.



Low Impact **Sustainable Solutions**

First introduced at Vallen's 2023 US Sales Conference in Nashville, Tennessee, our sustainability initiatives are symbolized by the brand Vallen Green, or V-Green. This mark indicates products and services that have low environmental impact and support Vallen's sustainability goals.

Under this sustainability brand, we've created a statement that describes our commitment to reducing our impact on the environment.

SUSTAINABILITY COMMITMENT

Vallen is committed to operating in an environmentally responsible fashion. We will use our resources intelligently and continually pursue ways to reduce our energy and fleet consumption, enhance our waste management and recycling efforts, and increase partnerships to drive accountability throughout the supply chain.

Vallen is focused on improving the environment through sustainable solutions and practices aligned with the Paris Agreement to reduce carbon emissions by 5% annually and reaching carbon neutral by 2050. We are focused on these five key areas:



PRODUCTS
AND
SOLUTIONS



ENERGY
EFFICIENCY



WASTE
MANAGEMENT



FLEET
MANAGEMENT



SUPPLY
CHAIN

CONVERTING TO NON-FLUORINATED FIREFIGHTING FOAM REDUCES ENVIRONMENTAL AND HEALTH IMPACT WITHOUT REDUCING EFFECTIVENESS

Since the 1960s, Class B Aqueous Film-Forming Foams (AFFF) have been the standard for fighting fires—in particular liquid fuel fires at facilities such as in the petrochemical industry. Many states have enacted or proposed regulations regarding the polyfluoroalkyl substances (PFAS) present in these foams as potential carcinogens.

Although firefighters are typically protected by bunker gear and respiratory protection while using these foams, there is concern for accumulated effects of repeated exposure as PFAS do not break down over time.

Additionally, workers in facilities who respond to

a fire within a unit using fire-mitigation foam may not be using respirators or other protective equipment, putting their health and safety at risk.

Vallen is working with customers to replace, in some cases, hundreds of totes of fluorinated foam with an environmentally safe alternative: non-fluorinated foam, which does not contain either fluorine or PFAS and has about the same cost as traditional AFFFs—which are no longer produced or available from manufacturers. If sites do not have spare quantities of AFFF to perform required annual foam proportioning testing, the systems are

required to be converted to non-fluorinated foam.

There are two typical methods to dispose of AFFF: incineration and deep-well injection. Both methods are expensive and require the customer to contract with a third-party to take possession of the foam for disposal.

Vallen is subcontracting with a solution-provider for an innovative technology: a small, portable chemical plant that is capable of scrubbing out the fluorine, reducing the amount of harmful chemicals that remain in the foam concentrate and thus reducing the disposal costs for a smaller volume of material.

CLEAN AGENT SYSTEMS IMPACTED BY AIM ACT

In 2021, the EPA released the American Innovation and Manufacturing (AIM) Act, which mandates a phasedown of hydrofluorocarbons (HFCs) to be completed by 2036. The phasedown impacts many common clean agent systems due to the

presence of HFCs. These systems are important for fire suppression in occupied spaces where technology is in use, such as offshore drilling rigs, control rooms, and other places where fire must be suppressed without the dissipation of oxygen.

Due to the phase out, if an existing HFC clean agent system is activated, the

replacement/refill cost is seven times what it cost just three years ago. Vallen participates in efforts to stay abreast of these impacts for our customers, evaluating current and new clean agent systems to ensure we are informed and advocating for solutions that protect the health and safety of workers as well as the environment.



**CONTACT VALLEN SAFETY SERVICES
FOR MORE INFORMATION OR TO
DISCUSS REPLACING LEGACY AFFF
WITH NON-FLUORINATED FOAM.**



CUTTING TOOL COOLANT RECLAMATION PROGRAM CUTS COSTS AND BENEFITS THE ENVIRONMENT

At a large OEM industrial tool manufacturer, Vallen's Metalworking Solutions & Services team has introduced a program that saves chemical coolants from entering the waste stream while producing \$100,000 in cost savings.

In a typical year, the customer was using 17 totes (320 gallons each) of coolant to maintain 120 machines, keeping the

cutting tools cooled and prolonging tool life.

Through the process of extracting the coolant during a machine cleanout, spinning it through a centrifuge to remove metal shavings and fines, then filtering and pumping it back into the machines, Vallen was able to reclaim an average of 130 gallons of fluid per month, reducing the customer's coolant

costs as well as reducing their need to contract a third-party chemical waste company for disposal of the used coolant.

Additionally, the metal shavings removed during the process can be sent as scrap metal to be melted down and machined again. For Vallen's customers, these efforts are reducing their environmental footprint and their bottom line.

CUTTING TOOL RECYCLING PROGRAM PRESERVES EARTH'S NATURAL RESOURCES

Working in partnership with Core supplier Sandvik Coromant, Vallen is placing cutting tool collection bins at customer sites to ensure valuable raw earth materials such as tungsten and cobalt from worn-out cutting tools don't end up in landfills, but are returned to powder form for reuse in manufacturing new cutting tools.

This process embraces the circular economy—where precious natural

resources are recovered and reused, reducing waste and protecting the environment.

INDUSTRIAL MANUFACTURERS BENEFIT FROM REAL-TIME ANALYTICS

Vallen recently joined forces with Datanomix to offer production intelligence software among the innovative solutions we provide for our customers.

Vallen's Metalworking customer-facing team is trained on selling, installing, and supporting customers with comprehensive

information on the Datanomix platform and its benefits for precision manufacturers.

This accelerates time to information, shortens corrective action cycles, and directly impacts decision-making at exactly the right time.

As Vallen focuses on innovation and our leadership position in metalworking solutions, we are excited to offer this solution—creating added value for our customers.

CONTACT VALLEN'S METALWORKING SOLUTIONS & SERVICES TEAM FOR MORE INFORMATION ON COOLANT RECLAMATION OR CUTTING TOOL RECYCLING.

TRAINING REINFORCES SAFETY AS A CORE VALUE

Vallen's robust safety training and oversight has instilled a mindset that puts worker safety at the forefront—for our team, and for our customers.

Based on the requirement of each role, associates complete training videos on Vallen Engage Learning, accessed through Vallen's intranet, that encompass topics such as safe forklift handling, correct use of ladders, driving safety, injury prevention, heat stress prevention, fire safety, creating a culture of safety, and many more.

In Canada, meetings begin with a safety moment—a brief conversation about a safety topic and what

associates can do to ensure safety. Each month, a safety topic is selected as a focus for training and communication. Based on achievements in 2023, Vallen Canada holds a Certificate of Recognition (COR®) through the Alberta government that recognizes and rewards employers for implementing effective Occupational Health and Safety programs, demonstrating a commitment to workplace health and safety that goes beyond legal requirements.

In Mexico, a podcast format is used to communicate about safety topics and raise awareness of safety issues. The conversational tone makes the topics relatable, and the podcast includes a segment called "What's Your Story?" where



team members share their personal experiences.

For Vallen, safety is at the core of our business—in the products, services, and solutions we provide, and for our team of valued associates.

We are dedicated to ensuring that each person goes home safely to their families and loved ones at the end of every day.

VALLEN ACQUISITION ENHANCES FIRE SUPPRESSION SERVICES IN CANADA

In August 2023, Vallen Canada acquired the assets of Detect Fire Suppression Inc. in Grande Prairie, Alberta.

Detect Fire Suppression is a service business specializing in fire suppression and alarms for heavy equipment and kitchen systems. Services include design, installation, inspection, repair and maintenance, with a customer roster that includes large industrials

in the mining, forestry, transportation, and oil/gas verticals.

This strategic acquisition adds scale and scope to Vallen's heavy equipment fire suppression services—continuing our investment in growth and our commitment to safety.

VALLEN CUSTOMER SITES RECOGNIZED WITH 2023 "GREENOVATION AWARD" FOR PPE WASTE REDUCTION

Vallen helped aerospace and defense contractor Raytheon Technologies achieve progress on its goal to zero waste through implementing the RightCycle™ Program by Kimberly-Clark Professional.

At three customer sites, previously hard-to-recycle items including nitrile gloves, safety eyewear, and single-use apparel items were collected and then turned into new consumer goods and plastic products through the program.

The 2023 Greenovation Award from Kimberly-Clark Professional recognized these sites for their leadership in sustainability and efforts to reduce their environmental impact.

The Raytheon site in El Segundo, California diverted 1,677 pounds of PPE waste from landfills; Dallas, Texas, redirected 841 pounds; and Lompoc, California recycled 580 pounds for a combined 3,098 pounds of PPE waste kept out of landfills through this program.





OUR VALUES IN ACTION:

WE ARE FOCUSED ON **SAFETY** IN OUR PRODUCTS AND SOLUTIONS, OUR WORK PROCESSES, AND FOR OUR PEOPLE.

VALLLEN ERT PROVIDES LIFE-SAVING RESPONSE

Just before a shift change at a customer facility in late December, Vallen's onsite Emergency Response Team (ERT) received a distress call regarding an unresponsive individual. They swiftly mobilized and took action.

The responders performed CPR followed by two shocks administered using an Automated External Defibrillator (AED), which successfully restored vital signs. After a seamless transition of care to the local ambulance and EMTs, a member of Vallen's ERT accompanied the ambulance to the hospital.

The coordinated effort between onsite responders and external medical professionals ensured a comprehensive and timely response. The specialized skills of Vallen's ERT and their prompt decision to use the AED were critical factors in saving the individual's life.

The right training, equipment, and the onsite team's rapid response turned a potentially tragic situation into a good outcome, highlighting the crucial role of Vallen's on-site, well-prepared Emergency Response Team.



**2023 BY THE NUMBERS:
ENVIRONMENT, HEALTH AND SAFETY**

20.6%

of waste diverted from landfills

13%

reduction in purchased
electricity = 2815 tons CO₂e

1.89

2023 TRIF Canada
(Total Recordable Injury Frequency)
Target = < 2.0

0.77

2023 OSHA TRIR - United States
(Total Recordable Incident Rate)
Industry Benchmark = 2.2

Stronger, together

“*There’s a wise adage that when strands are woven together they become stronger. When companies embrace the varied talents and backgrounds of the people who make up their organization, everyone benefits.*”

In early 2023, Vallen launched a new platform for recruiting, designed to increase candidate applications and decrease time to fill open requisitions. Additional initiatives include developing recruiting strategies in partnership with HBCUs (historically Black colleges and universities) and veterans’ organizations.

Vallen associates across North America participate in employee resource groups and community service projects, creating opportunities to bond with team members while building better communities.”



*Janine McManus
Chief Human Resources Officer*



VALLEN CARES

VALLEN SUPPORTS COMMUNITY ENGAGEMENT THROUGH COMPANY-SPONSORED VOLUNTEER EFFORTS, CHARITABLE GIVING, AND CORPORATE SOCIAL RESPONSIBILITY.

VALLEN CARES INITIATIVES ARE GUIDED BY A VALLEN CARES COUNCIL AND LED BY VALLEN'S CMO AS EXECUTIVE SPONSOR.

TECHNOLOGY OFFERS TEAM MEMBERS MORE CHOICE FOR COMMUNITY ENGAGEMENT

In December of 2023, Vallen launched an easy-to-use portal hosted by Blackbaud's Your Cause. Through the portal, associates can choose the causes they want to support through donations or volunteer efforts.

Replacing Vallen's annual United Way campaign, the Vallen Cares platform offers expanded opportunities to support vetted organizations through recurring payroll deductions or a one-time credit card gift. Using an easy search feature, associates can find local charities and volunteer activities and support them by giving or logging volunteer hours. Vallen also introduced a matching gift fund to encourage charitable donations and double the impact. More than 40 organizations have been supported through early launch efforts across focus areas that include:

- Agriculture
- Animal welfare
- Community initiatives
- Disease research and prevention
- Education
- Health and human services
- International organizations
- Arts, culture and leisure
- Public and social services
- Teens and youth
- Veterans causes

OUR MISSION

Vallen demonstrates care and concern for our community, our associates, our customer and supplier partners, and our environment through:

- Investing volunteer hours and financial resources to improve the communities where we live and work
- Developing, attracting and retaining talent in the workplace through shared purpose
- Building camaraderie and engagement, embracing inclusion and a sense of belonging
- Lessening our environmental impact through sustainable programs, processes and products
- Partnering with our customers and suppliers to support common causes

We believe showing that Vallen Cares through these efforts is good for our brand, our business, our people and our planet.



REFUGIO BUENOS CHICOS

Associates at Vallen's Center of Excellence (COE) in Guadalajara, Mexico, participate in community activities organized by their Icebreakers committee for Vallen Cares. Their goals include learning about needs in the community, and setting about making a difference.

The team showed that "care" extends to our animal companions as well as people. Spending time at Refugio Buenos Chicos, a shelter for rescued dogs, they cleaned kennels and participated in healthy exercise and play for the dogs. To provide care for the animals' ongoing needs, they also raised donations of blankets, towels, dog food, toys and cleaning supplies.

MEXICAN PHILANTHROPY CENTER PRESENTS VALLEN WITH SOCIALLY RESPONSIBLE AWARD FOR COMMUNITY IMPACT

For the fifth time, Vallen Mexico was recognized in 2023 with the “Socially Responsible” distinction from the Mexican Philanthropy Center, awarded annually to companies who demonstrate social responsibility through business ethics, and impact on the community and environment.

Vallen Mexico associates participated in activities to support philanthropic organizations, demonstrating Vallen’s commitment to social responsibility and care for our communities.

“We’re proud to contribute to a better world, a healthier environment, and sustainable practices for future generations.”

Daniel González
President, Vallen Mexico



SUPPORTING CANCER PATIENTS AND FAMILIES WITH FOOD DONATIONS

Several Vallen locations throughout Mexico collected canned and non-perishable food that was donated to Nariz Roja in Guadalajara, Jalisco, Mexico. The organization supports children and adults undergoing cancer treatment by providing food to patients and their families.

HURACAN OTIS RELIEF FOR STORM VICTIMS

In October 2023, the Pacific coast of Mexico was hit by Hurican Otis, devastating residents and businesses with its impact. Vallen collected food and hygiene products for victims of the category 5 storm.



VOLUNTEERS PARTICIPATE IN BEACH AND LAGOON CLEANUPS

Vallen associates joined a customer to participate in a beach cleanup campaign in Ciudad del Carmen, collecting 300 kilos of bottle waste.

In Tampico, associates joined the cleanup of La Escondida lagoon, collecting 200 kilos of waste. Vallen donated Specfit gloves for volunteers.



NISSAN VALLEN TEAM TAKES A STAND AGAINST CANCER AT WBST EXPO

Vallen's Integrated Supply team in Decherd, Tennessee, joined Nissan to participate in their annual Women's Business Synergy Team Cancer Awareness Expo. With the theme "Go Fight, Tackle Cancer," the year event aimed to emphasize the

importance of routine doctor visits and health screenings.

The Cancer Awareness Expo served as a unique platform for the Vallen team to connect with customers on a personal level.



NATIONAL DAY OF TRUTH AND RECONCILIATION

In September, Vallen Canada's VICKIE board and DEI committee joined forces to present MOVE for Indigenous Women: A Vallen Canada Movement Challenge in recognition of the National Day of Truth and Reconciliation.

Associates were challenged to move through physical activity, with each 30 minutes or 3500 steps counting towards a donation in support of Clan Mother's Healing Village. The activity demonstrated Vallen's value of care, while also providing education about the ongoing struggles of Indigenous women.



OUR VALUES IN ACTION:

WE CARE ABOUT OUR CUSTOMERS, OUR SUPPLIERS, OUR TEAMMATES, OUR COMMUNITIES, AND OUR ENVIRONMENT.

PROVIDING HOPE FOR FAMILIES OF CHILDREN WITH CANCER

Vallen provided support to the Ben Stelter Fund, an organization named for a child who tragically lost his life to brain cancer at age six.

The Fund supports children battling cancer by providing magical experiences, purchasing medical equipment, and investing in research and potential cures for this disease.



PLANTING A READING GARDEN FOR ELEMENTARY STUDENTS

Vallen Cares volunteers spent an afternoon planting a fall garden at North Belmont Elementary School as part of the local United Way's annual Day of Caring.

Located near Vallen's US headquarters in Belmont, North Carolina, Vallen has partnered with the local school on projects including purchasing computer stations, painting a teachers' lounge, providing school supplies, and reading to students.

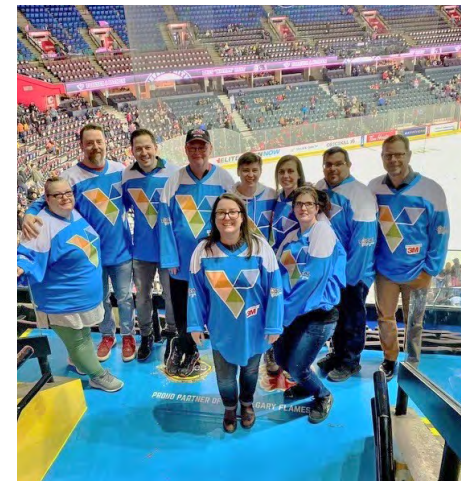


SUPPORTING LOCAL COMMUNITIES

There's something special about hockey season. It's not only one of Canada's favourite pastimes, it's an opportunity to partner with our suppliers, connect with the communities we serve, and build our Vallen team while having a little fun.

That's why Vallen Canada's "Local Like You" program is so important. In 2023, we supported local hockey teams during game nights filled with giveaways, contests, conversations and more.

It's an engaging way to showcase Vallen's values and make an impact.



AWARD-WINNING EMPLOYEE RESOURCE GROUPS FORGE CONNECTIONS THAT BUILD STRONG, SUCCESSFUL TEAMS

Vallen's Employee Resource Groups, known as ERGs, are designed to help associates connect and grow their careers, building a base of supportive relationships. ERGs provide a safe space to share ideas, gain professional knowledge and leadership experience, and be part of a community of people who learn from and lean on each other. Allies are not only welcome, but essential to the success of each group.

But these groups do much more than build up those who choose to join and participate. It's been shown that innovation flourishes in organizations where employees feel they are in a safe and trusted space.

Vallen has three ERGs: [VICKIE](#), a women's resource group founded in 2019; [BERG](#), a Black employee resource group formed in 2021; and [SALUTE](#), a group to support and recruit veterans and those in the Guard or Reserves, launched in 2023.

Each ERG is led by a board and committees that create programming and events that build and support development for members, while finding opportunities to give back to local communities and causes, and adding value to the Vallen organization.



In 2023, the Industrial Supply Association presented Vallen with the "Innovation Impact Award" to recognize the efforts and the impact these associates are making, creating a better future, together.

Here's a sampling of the activities of each group throughout 2023.

VICKIE PRESENTS LOVE YOUR BODY 2.0

VICKIE held its third year of the "Love Your Body" program in February, a month-long interactive series where presenters and participants shared tools, ideas, and resources to emphasize health, wellness, and promote a positive body image.

Topics included: Making Yourself a Priority, Habit Stacking, Joy in the Journey, and Consistency vs. Perfection. All Vallen associates were invited to join any or all of the sessions.

BERG PARTNERS WITH AFRICAN AMERICAN MUSEUM OF HISTORY AND CULTURE

Members of BERG have forged a relationship with the African American Museum of History and Culture in Gastonia, North Carolina. For Black History Month in February, BERG streamed a live event at the Museum that included a pre-recorded tour. During 2023, members volunteered to catalog books for the Coretta Scott King Library at the Museum, and volunteered at an event celebrating the Tuskegee Airmen.



[Watch a video](#) about Vallen's ERGs and the ISA Innovation Award.



SALUTE VETERANS SUPPORT GROUP LAUNCHES WITH STORIES OF SERVICE

In April, Vallen launched SALUTE, named to signify Support, Attention, Learning, Unity, Training, and Enlistment. The ERG's goals include supporting Vallen's veteran associates as well as recruiting veterans and disabled veterans for professional opportunities. To introduce the group, SALUTE's founders and board members share their personal stories of service, along with family members who were in the U.S. military.

The group followed their initial launch with a signed proclamation of support for the Guard and Reserve, and a live broadcast on the history and meaning of Memorial Day. In June, members of SALUTE's board provided a demonstration on the proper care and display of the American flag in commemoration of Flag Day. SALUTE members also participated throughout 2023 in recruiting event targeting veterans.

VICKIE SUPPORTS HEALTHY ACTIVITY WITH GIRLS ON THE RUN

In April, VICKIE invited Vallen associates to "Sweat for a Cause" by engaging in physical activity and raising funding in support of Girls on the Run after-school programs.

RAISING MENTAL HEALTH AWARENESS

During May for Mental Health Awareness Month VICKIE, BERG, and SALUTE collaborated to bring a series of informational programs focused on mental health. Topics ranged from anxiety and burnout to managing your finances.

BERG PARTNERS WITH SUPPLIERS FOR ANNUAL SCHOOL SUPPLY DRIVE

BERG held its annual campaign to collect school supplies and backpacks for donation to a local Title 1 school in Belmont, North Carolina. In partnership with two suppliers, the backpacks were filled and delivered to the school, providing support for students in need.

BERG AND SALUTE TEAM UP TO SUPPORT VETERANS

For the third year, Vallen employee resource groups partnered with the American Red Cross to package comfort kits for veterans. Together, members of BERG, Vallen's Black employee resource group, and SALUTE, Vallen's veteran-focused employee resource group, along with Belmont DC associates, packaged 800 kits containing toiletries and hygiene items. The kits were picked up by The American Red Cross and delivered to veterans in the Charlotte and Asheville areas in North Carolina.



VICKIE PANELISTS SHARE HOW TO TAKE CONTROL OF YOUR CAREER

VICKIE held its second annual career development panel discussion. While VICKIE's mission is to encourage and support the women of Vallen, the role of male allies is important. A panel of men and women leaders within Vallen shared their views on career challenges, opportunities, and what success means.



VALLEN CARES AND ERGS SUPPORT OPERATION STAND DOWN

At Vallen's US Sales Conference held in August, VICKIE, BERG and SALUTE joined with Vallen Cares to support Operation Stand Down, an organization providing support to local veterans and their families. The groups chose to organize a 5K run/walk to support the organization in recognition of Suicide Prevention Month in September, an important cause affecting veterans. The participants could join the event, or could choose to provide support through a donation benefiting Operation Stand Down Tennessee.



SETTING STRATEGY FOR 2024

In October, the Board and committee leaders for Vallen's three Employee Resource Groups—BERG, SALUTE, and VICKIE—joined forces for a strategy session in Belmont, North Carolina, to set the course for 2024 and to celebrate accomplishments in 2023. Each group's chairperson presented highlights of the past year to Vallen's leadership, and the groups held breakout sessions to outline initiatives and goals for the coming year. ERG leaders identified opportunities to collaborate, share resources and best practices.

In the spirit of showing Vallen's core value of care, nonprofit Bunny Blessings brought live, adorable bunnies and shared their mission to support the community through visits to senior facilities, shelters and schools throughout the area, giving them the gift of a smiling face and a furry friend.





VALLEN CANADA'S VISION FOR INCLUSION

Recognizing the importance of ensuring all associates feel valued and empowered, Vallen Canada's Diversity, Equity and Inclusion (DEI) Committee is led by two co-chairs and three focused Action Committees who help implement projects to bring awareness to Vallen associates and grow membership. The group's 2023 Action Plan outlined several goals for 2023.

As a means of raising awareness, the Action committees developed a DEI SharePoint page, produced and published a monthly DEI calendar, developed and presented DEI Moments for associate learning at monthly Town Hall meetings, and built a DEI Moments library for associate use. These resources are easily accessible on Vallen's intranet, and leaders are encouraged to include them in their meetings.

Training sessions increased knowledge and developed common language around DEI for committee members, and an Indigenous Elder shared information for understanding what a Land Acknowledgement is, why organizations and

individuals would include one during their gatherings, and how to develop one that is meaningful.

To further a goal of increasing membership, the DEI Committee hosted a membership drive during Vallen's 2023 Wellness Day event, creating a fun cornhole activity that also provided educational information about the difference between equity and equality. The players were provided multiple ways to get the beanbag into the hole based on skill level to illustrate equity, versus having all players play from the same starting line, an example of equality. This simple game allowed all players to participate and created a shared experience—supporting the goal of inclusion.

Throughout the year, the DEI co-chairs met with associates one-on-one to evaluate successes and learn from missed opportunities, creating a new Action Plan for 2024. Importantly, the DEI Committee understands that learning together is essential, and change often starts with small steps—each one leading forward on the DEI journey.

Diversity drives innovation.

Vallen is committed to creating a work environment where equity is expected and where our associates trust they can be authentic and celebrated for their differences. As a service organization, our greatest differentiator rests with the individuals who choose to become part of our team. Our ability to innovate and prove our value is strengthened by inclusion.

This creates opportunity for all—building a better tomorrow, starting today.

“ For me, this has always been about creating the right culture for all of our team—not just some of our team.

With the continued challenges in the labor market and Vallen being a people-centered value proposition, we must create a community and company that all team members see as a place to thrive, prosper, and feel their contributions matter. ”

Chuck Delph
CEO

2023 BY THE NUMBERS

34%

women associates in
Vallen's workforce

30%

associates who identify as a
member of a minority group

100%

completion rate for Vallen's 2023
Harassment & Diversity Training for
all associates



“Vallen takes seriously our obligation to protect business continuity for our customers, business partners, associates, and all those we interact with by staying abreast of and implementing best practices.

In our constantly changing world, cybersecurity and disaster recovery require vigilance. Our Enterprise Effectiveness team is focused on safeguarding sensitive and confidential data and keeping our systems secure.”



Kim Garrett
Chief Information Officer



INTRODUCING VALLEN EDGE: ENTERPRISE DATA GOVERNANCE & ENABLEMENT

Vallen is in the data business. We rely on data to help our customers find the right product, know if it's the right unit of measure they require, and if it is at the right price. Data also tracks customer opportunities, growth, engagement, and contact information. In fact, nearly everything we do relies on—and creates—data.

Poor data quality leads to wasted time and resources, and it can inhibit our ability to implement technical innovations. Clean data makes a difference not only in our reporting but the tools we select. Our governance prevents bad data from getting into our system, outlines our processes to clean up existing data, and empowers our teams to make decisions based on reliable data and predictive analytics.

In 2023, we unveiled Vallen EDGE: Enterprise Data Governance & Enablement, a program to guide our governance and advance our ability to implement innovative tools that support our customers' success.

The program has four goals:

1. *Champion a culture of informed decision-making based on clean, consistent and reliable data.* This allows our team and our customers to make good decisions based on good data.
2. *Develop cross-departmental collaboration to define data standards, ownership and responsibilities.* Knowledge sharing and process improvement governs the creation, maintenance, and ongoing use of our data.
3. *Enable seamless engagement with data and data products for our Vallen team and customers.* With readily available data, we have access to analytics and innovative automations that help serve our customers.
4. *We aim to become the industry leader in high quality product data.*

Vallen has put these goals in place to ensure we remain focused on providing our customers the products, services and solutions that enable them to succeed and grow their businesses.

CYBERSECURITY AND RISK MANAGEMENT

Vallen takes cybersecurity and risk management very seriously. We aim to educate all Vallen associates about their part in protecting Vallen and our business partners. Our onboarding process includes bringing awareness to different threats a company may encounter and how Vallen

prepares to combat those threats. In addition, we do annual security training for all associates as well as monthly simulations of different phishing schemes and address situations where associates may need additional training.

We have a governance team that has the following goals and expectations:

- Align IT objectives with business goals
 - Build an environment of trust, transparency, and accountability
 - Ensure the effective and efficient use of technology
 - Align with the IT roadmap
 - Implement guidelines and strategies as defined and agreed on by the team
 - Adhere to processes, policies and cyber protection
 - Identify risk to the organization
- Lastly, Vallen holds a global monthly cyber review with all countries where we have business operations to discuss and discover trends and risk within the cyber world and aim to combat those.



OUR VALUES IN ACTION:

WE ARE **RESILIENT**. WE TAKE ADVANTAGE OF DISRUPTION TO FOSTER INNOVATION.



OUR VALUES IN ACTION:

WE SHOW **GRIT**. WE KNOW WHEN TO ROLL UP OUR SLEEVES AND MAKE THINGS HAPPEN.

COMMITTED TO QUALITY

Vallen creates proven value—for our customers and for our organization. True value relies on quality standards that ensure our products and services increase efficiency and enhance customer satisfaction. We rely on a quality management process that includes Lean principles and



continuous improvement. We measure our performance through maintaining ISO certification, an internationally recognized standard.

In 2023, Vallen maintained our registration to ISO 9001:2015 in Canada, Mexico, and the United States, completing audits

and reviews by our team members. Every Vallen associate is authorized to initiate corrective action if deemed necessary, and Vallen's leadership stands behind our commitment to ensuring that we continue to improve our processes and deliver on our brand promise of *innovation and proven value*.



NSF-ISR

Registered to ISO 9001



AWARDS AND RECOGNITION

Vallen is proud to have received these awards in 2023:

Challenging Spirit Award from Honda for going above and beyond expectations to ensure success.

Supplier Excellence Award from GKN Automotive for driving double-digit cost savings.

Supplier of the Year Award from Hitachi Astemo as a key supplier for indirect material (pictured at left).

Service Supplier of the Year Award from Trane Technologies for exceptional support, commitment, and collaboration.

The qualities that earn Vallen these honors demonstrate our proven value and our commitment to innovative solutions and services, consistently delivering on our brand promise.

INDUSTRY LEADERSHIP

In an industry where women are often underrepresented, especially in leadership roles, Vallen is leading by example with women associates serving on board and leadership positions in industry associations.

Senior Vice President of Finance Sonia Timmons is the leader of Advancement & Equality Committee for Industrial Supply Association (ISA) Women of Industry Supply Executives and a board member for ISA's Emerging Leaders.

Product Marketing Champion Alexis Miller earned the MVP award from Affiliated Distributors (AD) for her efforts across the Industrial and Safety Division.

Exclusive Brands Manager Caroline Harris serves on ISA's Emerging Leaders Committee

and recently completed the ISA Emerging Leaders Channel Certification program.

Vallen Canada President Karen Chester joined the 4th annual Women's Community panel, sharing industry knowledge and insights.

VP Industrial Sales Joyce Lansdale served on the ISA Board as Vice Chair in 2023, and becomes Board Chair in 2024.

We're proud of these leaders and many others for professionally representing Vallen in our industry.

From left: Sonia Timmons as a panelist at MDM's SHIFT 2023 conference; Alexis Miller accepts the MVP award from Affiliated Distributors; Caroline Harris serves on ISA's Emerging Leaders Committee; Joyce Lansdale, profiled in Industrial Supply magazine.



Our Commitment

Vallen's leadership is committed to these principles and practices:

- We support sustainable business operations that lessen our impact on the environment and protect the health and safety of our team and those we serve.*
- We believe every person brings value to our organization, offering unique talents and rich perspectives that make us better and stronger.*
- We work diligently to keep data and systems safe for our business partners and Vallen team members, prioritizing business continuity and best practices.*

In order to hold ourselves accountable to these principles, Vallen sets annual goals and key performance indicators. We measure our success by our progress on these initiatives and the actions we take to advance our goals.

We invite you to view our [2024 ESG Guide and KPIs](#).



Chuck Delph
CEO
Vallen



Karen Chester
President
Vallen Canada



Daniel González
President
Vallen Mexico



Kevin Pugh
President
Vallen United States



Kyle Weber
President
Global Integrated
Supply



James Melton
Chief Finance
Officer



Doug Ball
Chief Operations
Officer



Kim Garrett
Chief Information
Officer



Will Lutz
Chief Business
Development
Officer



Janine McManus
Chief Human
Resources Officer



Kris Burgoon
Chief Marketing
Officer



Sonia Timmons
SVP Finance



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