FCG Environmental Disclosure 2025

ESG/GHG: Board and Management Oversight

1. Describe the board's oversight of climate-related risks and opportunities.

The oversight of climate-related risks and opportunities is primarily managed by our Audit Committee, which receives updates on our environmental and sustainability efforts a quarterly basis. In their capacity, they ensure that proper attention is given to how climate-related issues could affect our business operations and strategic direction. The composition and frequency of the Audit Committee meetings facilitate diligent review and proactive management of potential climate-related risks and opportunities, aligning with best practices in corporate governance.

2. Describe management's role in assessing and managing climate-related risks and opportunities.

The management's role in assessing and managing climate-related risks and opportunities at Flow Control Group is facilitated by the Executive Committee, which convenes quarterly. Members of this committee include executives from our operations, legal, finance, human resource and other executive functions, ensuring a comprehensive oversight of climate-related issues within their management scope.

3. Describe the climate-related risks and opportunities the company has identified over the short, medium, and long term.

In 2025, Flow Control Group conducted a climate risk assessment to evaluate the physical and transition risks and opportunities facing the business. We assessed risks and opportunities over three-time horizons. For physical risks, we reviewed time horizons aligned with longer-term changes in the physical climate: short-term (1 year), medium-term (10 years), and long-term (30 years). For transition risks and opportunities, time horizons reflect our business planning: short-term (0 - 1 years), medium-term (2 - 5 years), and long-term (6+ years).

Physical Risks
Physical risks are risks resulting from climate change due to extreme weather or other specific events (acute) or longer-term shifts in climate patterns (chronic).

For this assessment, we leveraged an AI-powered enterprise climate risk management software to review the risks from hazards such as wildfire, flood, heat, and cyclone to our employees and Offices in , Puerto Rico, Canada, the United States, and Dominican Republic. We utilized three Shared Socioeconomic Pathways ("SSP") scenarios developed by the Intergovernmental Panel on Climate Change ("IPCC"): a best-case projection, SSP1-2.6, a middle-of-the-road projection, SSP3-7.0 and a worst-case projection, SSP5-8.5. These scenarios depict future climate pathways where ("GHG") emissions could lead to global temperature increases of approximately 1.7°C, 3.6°C, and 4.4°C by 2100, respectively.

ESG/GHG : Risk Assessments And Opportunities

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Transition Risks and Opportunities
Transition risks are risks relating to the transition to a low-carbon economy, which may include new or changes in existing policy, legal, technology, market, and/or reputation risks. Transition opportunities include resource efficiency, energy source, markets, resilience, and products and services.

For this assessment, we leveraged an AI-powered enterprise climate risk management software for an initial scan. The AI learned about our business based on a variety of public and private documents and resources and highlighted transition risks and opportunities most likely to impact us. The AI, with oversight from subject matter experts, ranked these risks and opportunities based on their likelihoods, time horizons, and potential impact. Our team then reviewed all of these risks and opportunities, adjusted the scores based on our understanding of our business and materiality thresholds, and made plans to more deeply review the highest risk findings.

The below table includes the most relevant physical and transition risks and climate opportunities that we've identified.

ESG/GHG : Risk Assessments And Opportunities

Risk or Opportunity	Type	Title	Description	Time Horizon	Impact	Likelihood
Transition Risk	Technology	Cost to transition to lower emissions technology	Transitioning to low-carbon operations—such as retrofitting plants or installing new tech—often requires significant upfront capital expenditure.	Medium Term	Medium	Medium
Transition Risk	Policy And Legal	Enhanced emissions-reporting obligations	New regulations require firms to measure, manage, and publicly disclose detailed greenhouse gas emissions and other climate risks. This increased transparency forces companies to invest in data systems and controls to meet evolving reporting standards.	Short Term	Low	High
Transition Risk	Policy And Legal	Introduction or increased pricing of GHG emissions	Policies such as carbon taxes or cap-and-trade systems raise the cost of emissions by directly pricing greenhouse gases. This driver forces companies to internalize the external costs of carbon emissions, impacting their production costs and long-term asset values.	Long Term	Medium	Low
Physical Risk	Acute	Challenges to product delivery and distribution	Flooded roads or damaged infrastructure may prevent timely delivery of goods to customers.	Short Term	Low	Low
Physical Risk	Acute	Interruptions to operations and business continuity	Facilities may need to pause or slow operations due to weather, flooding, or infrastructure disruptions.	Short Term	Low	Low
Physical Risk	Acute	Physical asset damage and property loss	Buildings, equipment, and infrastructure may be damaged or destroyed by severe weather and flooding.	Short Term	Low	Medium
Opportunity	Resource Efficiency	Move to more efficient buildings	Upgrading existing buildings or constructing new facilities to higher energy-efficiency standards. This includes measures like improved insulation, energy-efficient HVAC and lighting (LEDs), smart energy management systems, and green building designs to reduce energy consumption per square foot.	Medium Term	Medium	Medium
Opportunity	Resilience	Participation in renewable energy programs and adoption of energy-efficiency measures	Involvement in initiatives to bolster energy resilience, such as enrolling in renewable energy programs (e.g. corporate renewable PPAs, green tariffs) and implementing aggressive energy-efficiency measures in operations. Essentially, the company commits to using more renewable energy and reducing energy usage, enhancing its ability to operate under various grid or fuel conditions.	Long Term	Low	High
Opportunity	Energy Source	Use of lower-emission sources of energy	Transitioning operations to rely on renewables (solar, wind, hydro) or low-carbon energy procurement via PPAs or green tariffs.	Medium Term	Low	Medium

ESG/GHG : Risk Assessments And Opportunities

4. Describe the impact of climate-related risks and opportunities on the company's businesses, strategy, and financial planning.

Flow Control Group acknowledges that climate-related risks and opportunities have an impact on its businesses, strategy, and financial planning. The company has integrated climate considerations into its overall risk management approach, ensuring that regulatory expectations and customer demands are met while pursuing opportunities to innovate and drive efficiency. Flow Control Group's efforts are aligned with established climate-related mitigation and adaptation strategies, robust measurement of greenhouse gas (GHG) emissions, and continuous improvement in its environmental, social, and governance (ESG) maturity.

Products and Services:
Flow Control Group is actively adapting its product design and service offerings to account for the increasing demand for sustainable and low-carbon solutions. Climate change considerations have driven the company to innovate its product portfolio, ensuring that new and existing offerings meet stringent environmental standards.

Operations:
The company has adjusted its operational strategies to mitigate location-specific risks and optimize energy use across various facilities, including data centers and offices. Flow Control Group places a significant emphasis on improving its GHG inventory data through annual carbon footprint calculations and climate risk assessments, which supports internal reporting and enhances disaster preparedness. By dedicating specific personnel and budgets to monitor and address operational risks, Flow Control Group has positioned its facilities to better withstand environmental challenges and reduce reliance on fossil fuel-based energy sources.

Strategy and Planning:
Flow Control Group's strategic planning incorporates comprehensive climate scenarios and transition plans that align with both current regulatory requirements and future market conditions. These strategic measures ensure that Flow Control Group remains proactive in capturing climate-related opportunities while mitigating risks associated with environmental shifts.

ESG/GHG : Risk Assessments And Opportunities

5. Describe the resilience of the company's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

Flow Control Group aims to establish a baseline understanding of how the uncertainty of climate change and societal response will impact our future. Flow Control Group conducted a climate-related risk assessment that involved AI-powered enterprise climate risk software, support from external subject matter experts, and internal conversations with leaders across the business. This process provided the insights required to understand Flow Control Group's exposure to climate related impacts.

Flow Control Group contracted an AI-powered enterprise climate risk management software tool to conduct a scenario analysis for physical risks such as wildfire, flood, heat, and cyclone across multiple time horizons (1, 10, and 30 years) and climate scenarios (SSP 1, SSP 3, SSP 5). Leveraging this tool we were able to conduct an initial view of areas for deeper exploration and evaluation of our organization.

Our scenario analyses allow Flow Control Group to test the adaptability and resilience of our strategy in the face of climate change and enables our organization to more confidently establish a climate resilient strategy today. Additional stress-testing and insights will be gained as we continue to integrate these insights into our risk management process.

ESG/GHG : Risk Assessments And Opportunities

6. Describe the company's processes for identifying and assessing climate-related risks.

At Flow Control Group, we use a structured and data-driven approach to identify and assess climate-related risks, ensuring alignment with our strategic goals and regulatory expectations. In 2025, we conducted a comprehensive climate risk assessment focusing on both transition and physical risks to our offices, employees, and data centers in the United States.

To evaluate physical risks, we leveraged the physical risk modeling tools of our enterprise climate risk management (ECRM) software to assess the impact of hazards such as wildfire, flood, heat, and cyclone. The assessment included analysis under three climate scenarios:

SSP1: Aligned with a 1.7°C warming pathway, representing a low-emission, sustainable future.

SSP3: Aligned with a 3.6°C warming pathway, representing a business as usual, future characterized by fragmented development and regional competition.

SSP5: Associated with a 4.4°C warming pathway by 2100, representing a high-emission, fossil-fuel-driven future.

We analyzed physical risks across three-time horizons:

Short term: 1 Year

Medium term: 10 Years

Long term: 30 Years

To assess transition risks and opportunities we leveraged an AI-powered ECRM software for an initial scan. The AI learned about our business based on a variety of public and private documents and resources and highlighted transition risks and opportunities most likely to impact us. The AI ranked these risks and opportunities based on their time horizons and likely impact. Our team then reviewed all of these risks and opportunities, adjusted the scores based on our understanding of our business and materiality thresholds, and made plans to more deeply review the highest risk findings.

This proactive approach ensures we remain resilient and prepared for a range of potential climate futures.

ESG/GHG : Risk Assessments And Opportunities

7. Describe the company's processes for managing climate-related risks.

We use AI-powered enterprise climate risk management (ECRM) software to monitor physical and transition risks to our business. All identified risks are reviewed by members of our Executive Committee. Annually, we run a formal assessment to determine the materiality of identified climate-related financial risks, and material risks may be brought to the attention of leadership or the Board of Directors.

8. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the company's overall risk management.

We integrate climate-related risks and opportunities into our company-wide Enterprise Risk Management (ERM) process. We use AI-powered ECRM software to conduct an annual climate risk assessment and monitor developing physical and transition climate risks. Our ESG Steering Committee and Board members meet regularly to discuss these risks, including with the applicable risk owners, and the management or mitigation of such risks.

9. Disclose the metrics used by the company to assess climate-related risks and opportunities in line with its strategy and risk management process.

We measure our Scope 1 and Scope 2 carbon emissions on an annual basis using both location-based and market-based approaches.

To assess our physical risk, we track the percentage of employees, data centers, and offices located in high-risk areas from hazards such as wildfires, floods, heat waves, and cyclones.

ESG/GHG : Risk Assessments And Opportunities

10. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

We share our metrics and progress against our targets in our 2024 Scope 1 and 2 Reporting report. Our most recent emissions for Calendar year 2024 are:

- Scope 1: 9,479 metric tons CO_2e
- Scope 2 (market based): 3,821 metric tons CO
- Scope 2 (location based): 3,605 metric tons CO_2e

11. Describe the targets used by the company to manage climate-related risks and opportunities and performance against targets.

Our approach to managing climate-related risks and opportunities centers on continuously improving our greenhouse gas inventory and establishing a clear baseline year. We calculate our carbon footprint annually and have set intermediary and long-term decarbonization targets.

In 2022, we set a goal of a 17% reduction In tCo2e/$1m in revenue by end of CY 2025. We achieved a 29.1% Reduction By 2024, ahead of plan. We are evaluating the correct climate-related targets to set for the future.