



2024 ANNUAL REPORT



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 [ESG Guide and KPIs](#)



Chuck Delph
CEO
Vallen



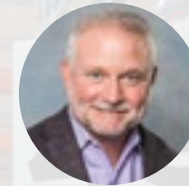
Karen Chester
President
Vallen Canada



Daniel González
President
Vallen Mexico



Kevin Pugh
President
Vallen United States



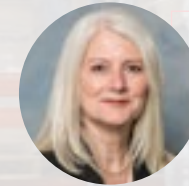
Kyle Weber
President
Global Integrated
Supply



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

CONTENTS

- ▶ ABOUT VALLEN 4
WHO WE ARE, WHAT WE BELIEVE
- ▶ NEWS 5
- ▶ ENVIRONMENT 8
HOW WE PROTECT OUR PEOPLE AND THE PLANET THROUGH HEALTH, SAFETY & SUSTAINABILITY
- ▶ SOCIAL 15
HOW WE CARE FOR OUR TEAM, OUR BUSINESS PARTNERS AND OUR COMMUNITY
- ▶ GOVERNANCE 23
HOW WE MANAGE RISK, ELEVATE THE INDUSTRY & INNOVATE AND PREPARE FOR THE FUTURE

Looking backward, pressing forward

When I look back at 2024, it was a year full of the unexpected. In the supply chain business, though, you come to expect the unexpected. By preparing for a host of possibilities, however unlikely, we become better able to navigate whatever comes at us and help our customers do the same.

This past year was one of growth for Vallen. We completed the acquisition of two companies, furthering our global reach and further solidifying our position as the largest and only integrator with an industrial distribution business representing the best brands in the industry.

We also opened the doors to our new Canadian headquarters and distribution center. This facility is already connecting our associates in ways that will fuel our growth. With little separation between the Distribution Center and Corporate offices, we're watching our winning team culture continue to grow.

From economic uncertainties to operational interruptions and natural disasters, we regularly faced opportunities to put our values into action. We met the challenge every time. As we think about our environmental, social and

governance initiatives, I'm proud of what we've accomplished in 2024.



Why does ESG matter to Vallen?

At Vallen, ESG is about much more than doing the right thing because it is the right thing.

ESG initiatives are good for business. Treating people fairly, ensuring our data and information are secure and taking care of the planet are a foundational component for innovation. Businesses that prioritize ESG perform better and have the potential for greater growth and profitability. ESG principles are engrained into our core values and here's why they matter to us:

Impact. Investment. Trust.

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

Investment matters because our human capital—our Vallen team—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.

Our ESG Report shares how we produce results by focusing on what matters to our customers, supplier partners, Vallen associates, and our community.

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 two acquisitions in 2024, Vallen has more than 700 integrated sites and is the largest integrator 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.

Vallen Distribution Completes Acquisitions of Wesco Integrated Supply and Eastland Engineering Supply

On April 1, 2024, Vallen completed its acquisition of Wesco Integrated Supply to create a company with premier supply chain services and offerings, an enhanced ability to invest in innovative solutions, and a talented team with a common purpose to drive success for customers and suppliers worldwide.

With a rich, 50+ year history and approximately \$784 million in annual sales, WIS designs and implements industrial maintenance, repair and operations (MRO) supply chain solutions which significantly reduce total costs and deliver documented savings while improving supply chain performance, including reduced order cycle time and stock-outs.

The acquisition further positions Vallen as a leader in integrated supply serving the foremost brands to optimize their indirect supply chain. With expertise and scale, Vallen can customize solutions that meet the needs of customer

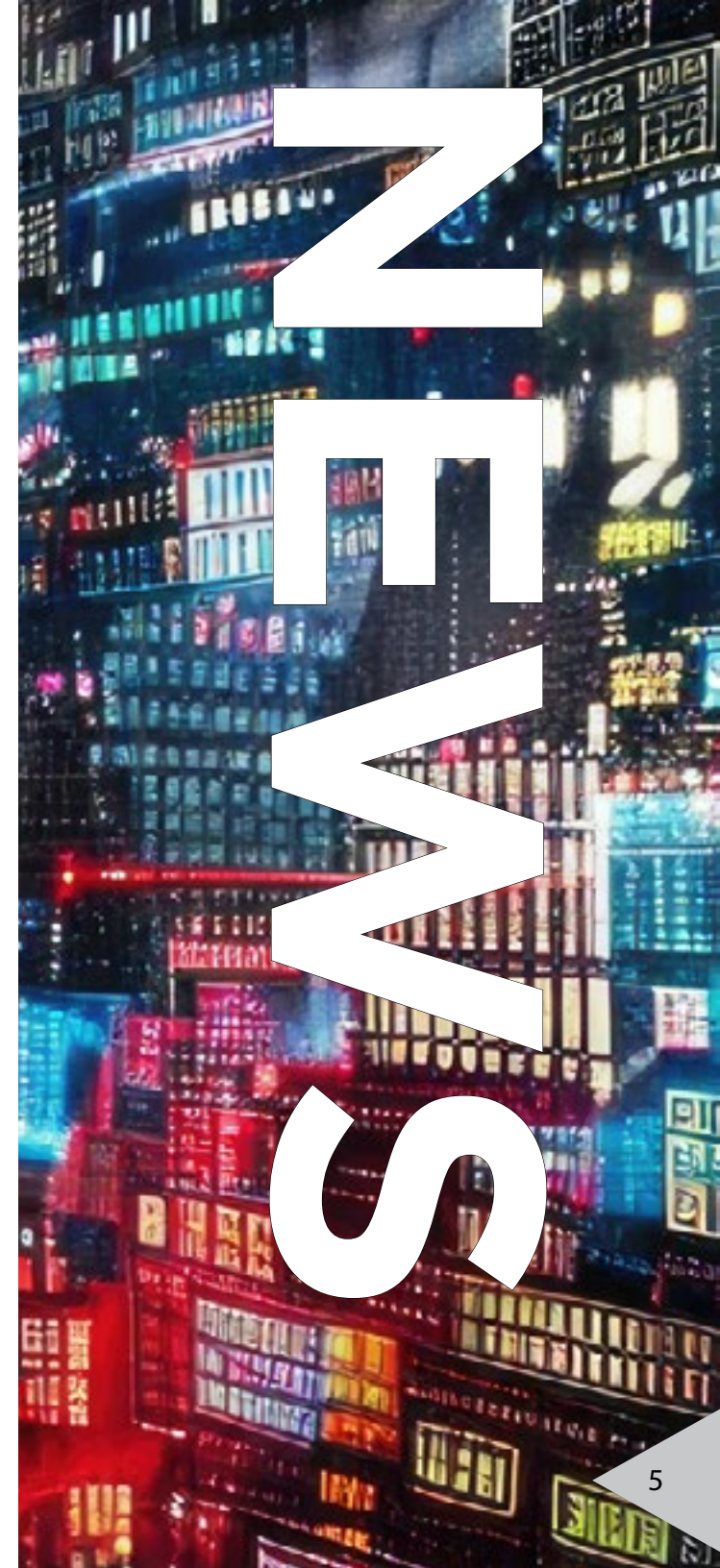
operations at facilities in verticals spanning aerospace and automotive to heavy equipment and pharmaceutical.

“The acquisition of two outstanding supply chain service providers is exciting for Vallen. I am proud to welcome the talented WIS and EES teams and look forward to the new opportunities for growth that are ahead.” - Chuck Delph, CEO

In July, Vallen continued expanding its global footprint with the acquisition of Eastland Engineering Supply from MML Growth Capital Partners Ireland.

EES was founded more than 30 years ago and has grown from sourcing and providing engineering spare parts and consumables to becoming the largest Irish-owned service provider for MRO program supply chain and operations needs. EES has operations in Ireland, the United Kingdom, and the United States.

Robert Keatinge, CEO of EES, said, “My team and I are very excited with this announcement because we can clearly see that the EES DNA aligned with Vallen in every way. We feel that this acquisition will allow us to continue to deliver a world class service to our customers through a highly respected global company.”





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.



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



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

Vallen Canada Opens New Headquarters and New DC

After operating for more than 40 years in the same location, Vallen Canada had outgrown its facility and needed a new facility for the next chapter of its story. On April 29, 2024, we opened our new distribution center and Canadian headquarters – a purpose-built facility that positions our team for substantial growth.

The new distribution center boasts more than 175,000 square feet of warehouse space, 36-foot clear ceilings and 42 shipping bays, significant increases from the prior location which featured 113,000 square feet and 6 bays.

Goals for the relocation also included easy accessibility for customers and Vallen associates and decreasing Vallen's carbon footprint through sustainable features and practices. As such, the building was designed to meet LEED certification standards, with energy-saving features including:

- 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
- Proximity to public transit as well as trucking routes

The warehouse was set up with intentional space for growth and the capacity to double our lines per day and add additional automation with limited interruption to operations. Integrating state-of-the-art automation technology to save employees time and increase operating efficiency was essential and Vallen Canada President Karen Chester says the automation technologies, including the OPEX® Perfect Pick® system and Modula vertical lift, not only help the workers in the warehouse today but also consider the



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

company’s needs for the future. As challenges to find labor continue, automation is, and will continue to be, essential in bridging that gap.

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.

A shared common area for breaks and training and a short hallway connect the distribution center warehouse to the 30,000-square-foot corporate office space. Just like the Distribution Center, the corporate offices were purposefully built, with pods of cubicles oriented around central meeting spaces. Moving out of individual offices and into an open cubicle structure required a mindset shift, and the building was designed to accommodate a



“ 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. ”



Karen Chester
President, Vallen Canada

variety of work styles. There are individual spaces for private calls, collaborative spaces for smaller meetings, and open areas with sofas for changes of scenery. Mobile whiteboards make it possible to transfer notes back to cubicles, too.

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, the community, and the environment.



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

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.

More than sustainability

“ At Vallen, we take our commitment to healthy environments seriously, which means caring for our planet and its people.

When we think of environmental goals, we consider our planet and the working environments of our associates and customers. That's why we're dedicated to sustainability and safety.

We're committed to lessening our impact on the planet by reducing energy use, creating efficiency, and building partnerships to use and offer sustainable products and solutions. 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 today will have a ripple effect on tomorrow.



Kris Burgoon
Chief Marketing Officer



NEW INJURY PREVENTION COMMITTEE PRIORITIZES WORKPLACE SAFETY

In 2024, a new Injury Prevention Committee was created. Comprised of 16 dedicated associates from various departments and positions within Vallen, the committee was established to collaborate on injury prevention to ensure every associate goes home safely. Our committee has analyzed historical injury data and determined actions that would best support our associates' safety and well-being and developed 3 main pillars to focus on.

Those pillars are:

1. Leadership Down Safety
2. New Hires / Orientations and Safety Training
3. Lifting, Twisting & Strain Prevention

VALLEN SPONSORS AN AMBULANCE FOR A SMALL CANADIAN COMMUNITY

A string of cardiac arrest incidents in 2024 highlighted the necessity for an ambulance in the Stanley Mission community of Saskatoon, Canada.

Vallen joined other corporate sponsors in upfitting an ambulance to help keep the community safer and provide a better response in case of healthcare emergencies. Local first responders said the community support will have an impact in saving lives in Stanley Mission.



WOMEN IN PPE SPOTLIGHTS EQUITY IN PERSONAL PROTECTION SOLUTIONS

To mark International Women's Day on March 8, Vallen launched our "Women in PPE Campaign" focusing on the specific needs of women as they look for personal protective equipment to keep them safe while on the job. Female-focused PPE is important because it ensures proper fit and protection tailored to the female body, enhancing safety and comfort in various work environments.

Our campaign featured dedicated landing pages on Vallen.com and Vallen.ca, customer emails, a webinar and social media posts.



Women make up 46.9% of all workers and 29.5% of the Manufacturing Workforce.

ACROSS THE ENTERPRISE, WE'RE CREATING A CULTURE OF SAFETY FOR OUR ASSOCIATES AND CUSTOMERS

It's one thing to say you value safety and another thing to put that value into action. Vallen's robust safety training and oversight creates a mindset that puts worker safety at the forefront—for our team and customers.

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.

Because of our achievements, 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.

This year, our team in Mexico participated in a "Safety Week" reinforcing safe practices for associates to follow. During this week, face-to-face and virtual discussions focused on accident prevention, good nutritional habits and other ways associates can take control of their health and safety inside the workplace and at home.

For our clients, we deliver solutions and services to help them adhere to government standards and create safety cultures at their sites. In Mexico, our efforts were highlighted in an interview and article in Mexico Business, which discussed safety in the oil and gas industry.

“Over the last 20 years, we have become a reference in the industry by creating processes that foster a strong safety culture.”

Daniel Gonzales
President, Vallen Mexico



[Read the Mexico Business article](#)



VALLEN SAFETY SERVICES PARTNERS WITH CUSTOMERS TO MEET OSHA STANDARDS

In 2017, OSHA published its final rule in its Walking-Working Surfaces and Personal Protective Equipment Standard to combat one of the leading causes of work-related injuries and fatalities: falls from heights and working surface slips and trips. Vallen has been helping clients meet this new OSHA standard since it took effect, but one area remains outstanding.

New installations of ladders over 24 feet must have fall protection, including ladder safety systems and personal fall arrest systems. Existing ladders of this height have until 2036 to be retrofitted, posing a significant expense for facilities.

Vallen Safety Services is partnering with clients to conduct comprehensive site assessments to identify compliance gaps with OSHA standards on engineered fall protection systems. Our experts are able to offer solutions, including engineering, design, and installation of new systems and certification of existing ones.

BIC Magazine covered the OSHA standard's impact on the PetroChem industry and how VSS is helping our clients meet the regulations and reduce their costs in the process.



[Read the full article](#)



OUR VALUES IN ACTION:

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

TELEMATICS LEVERAGE DATA TO INCREASE FLEET EFFICIENCY AND SAFETY

Vallen Canada implemented a new fleet telematics system for all company fleet vehicles as part of our ongoing commitment to enhancing safety, efficiency, and customer satisfaction. Already in operation in the United States, this system will help monitor vehicle performance and driver behavior and ensure our operations run smoothly.

Telematics data helps Vallen benchmark, track and report sustainability metrics like CO2 emissions and enables us to reduce fuel consumption.



It also provides information to enhance safety and reduce our fleet costs with predictive maintenance recommendations.

Key Benefits:

1. Improved Safety: Tracking driving behaviors like speeding, hard braking, and acceleration to promote safe driving practices.
2. Enhanced Efficiency: Real-time tracking allows us to optimize routes, reduce fuel consumption, and improve on-time deliveries.
3. Maintenance Monitoring: We can proactively address vehicle maintenance issues, minimizing breakdowns and unexpected costs.
4. Increased Accountability: Detailed vehicle usage logs ensures all fleet operations remain within company policies and guidelines.

MEXICAN "SIMULACRO NACIONAL" HELPS CREATE SAFE, AND PREPARED WORKFORCE

In September, Vallen joined the Simulacro Nacional, or National Emergency Drill, reaffirming our commitment to safety and emergency preparedness. This year's drill was held on the anniversary of two powerful earthquakes in Mexican history and used a large earthquake as the primary disaster to simulate, however local authorities in each state could use different scenarios depending on the predominant natural disaster risk.

During the drill, buildings were evacuated, and safety representatives led emergency response protocols to test their emergency response strategies and plans. We join and participate in these exercises to create a safer work environment and prepare for the unexpected.

Drills were held at Vallen branches across Mexico including Aguascalientes (left) and Tampico (right).



Proven Value:

Problem

Customer in the HVAC Manufacturing Industry needed improved inventory management and storage of janitorial products for a 4.2 million square foot facility.

Solution

Vallen integrated janitorial products into our on-site storeroom for VMI management.

Result

Our solutions reduced waste by tracking consumption and improving management of these products. We also increased operational efficiency, and we estimate a savings of more than \$65K annually.



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.



Low Impact Sustainable Solutions
FOR OUR CUSTOMERS, WE
PARTNER WITH BEST-IN-CLASS
MANUFACTURERS TO OFFER:



RECYCLING
PROGRAMS



ECO FRIENDLY
PRODUCTS



INCREASED
PRODUCT LIFE



LEAN MANUFACTURING
PROCESS

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.

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:

1. Products and Solutions
2. Energy Efficiency
3. Waste Management
4. Fleet Management
5. Supply Chain

2024 SUSTAINABILITY CAMPAIGN

Our efforts to care for the planet begin within our enterprise. In 2024, we launched a North American Sustainability Campaign about the products and services that can help our customers not only meet the demands of their businesses but do so with the planet in mind.

As an innovative leader providing indirect supply chain solutions, Vallen is proud to create strategic

partnerships with best-in-class suppliers with active sustainability initiatives to reduce their carbon footprint.

In 2025, Vallen will work with partners to create an emissions reduction factor so that customers can rely on us to help them meet their emissions reduction goals.

NEW US SAFETY ORIENTATION LAUNCHES

In the United States, a new Safety Orientation video training ensures associates are equipped with the knowledge and resources to navigate their jobs safely. The 30 min course that outlined essential safety aspects of being a Vallen employee including OSHA responsibilities, Health and Safety Commitment, Risk Assessments & Controls, Investigation Reporting, Root Cause Analysis, and General Safety Information.

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



VALLEN CANADA ACHIEVES CERTIFICATE OF RECOGNITION FOR ENVIRONMENTAL HEALTH AND SAFETY INITIATIVES

In 2024, Vallen Canada conducted an internal audit of our workplace, looking at EHS procedures and initiatives. A Certificate Of Recognition is awarded to employers that implement and maintain an Occupational Health and Safety Management System that exceeds regulatory requirements, and our audit earned us recognition.

REDUCE, REUSE, RECYCLE: GIVING NEW PURPOSE TO EQUIPMENT

Part of our commitment to sustainability involves critically evaluating our real estate holdings and the equipment we use in our operations. When our operations no longer have a need for these items, we look to give them new purpose. We donated computer monitors, office supplies, whiteboards and kitchen items to two local charities:

GracePoint Community Church in Suwanee, Georgia will use the supplies to enhance programming for English as a Second Language courses and hospitality for community events.

Connecting Vets to Resources facilitates connections between transitioning service members, veterans, and their families with available resources and outreach services that enhance their quality of life. Our donation of equipment will enable them to serve more veterans from all branches of the military in Chattanooga, Tennessee.



OUR VALUES IN ACTION:

WE HAVE A **COMPETITIVE** SPIRIT. OUR TEAM WINS BY CREATING VALUE AND DELIVERING QUALITY.

Validating our Sustainability Efforts

Our commitment to sustainability goes beyond partnering with suppliers to source sustainable products and offering sustainable solutions for greener operations. Annually, we work to validate our efforts through third-party providers including Ecovadis and CDP. Undergoing the

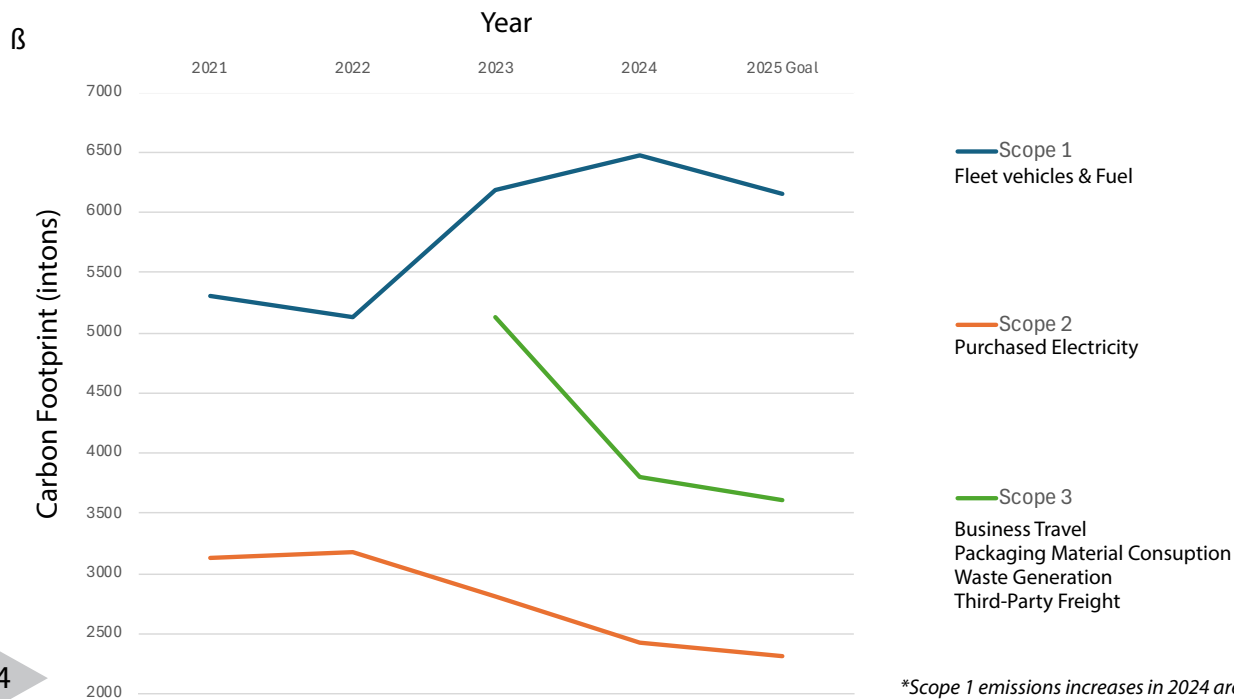
review process holds us accountable as we continue to progress on our ESG goals and pushes us to innovate in these areas not only for our business, but for our customers, suppliers and the planet.





Greenhouse Gas Emission KPIs

We know sustainability is important to our entire business ecosystem. From the customers we serve to the suppliers we partner with, we all have sustainability goals we're working to achieve. For our part, we're actively working to reduce our greenhouse gas emissions across three scopes: Scope 1; Fleet Vehicles & Fuel, Scope 2; Purchased Electricity, and Scope 3; Business Travel, Packaging Material Consumption & Waste Generation.



*Scope 1 emissions increases in 2024 are attributed to our two business acquisitions.

2024 KPIs

ENVIRONMENT, HEALTH & SAFETY



21.5 % of waste diverted from landfills



4,403 mature trees saved



5.2% reduction in purchased electricity



1.32 million gallons of water saved



736 metric tons CO2e emissions saved

TOTAL RECORDABLE INCIDENT RATE KPIs

US & Mexico Goal: <1, Canada Goal: <2
Industry Benchmark = 2.2



1.56



0.54



0.77

SOCIAL

The Power of Community

“ Alone, we can do so little;
together, we can do so much. ”
– Hellen Keller

It's true; there's tremendous power found in community. Companies and communities made up of people from diverse backgrounds with varied talents are undoubtedly tough to beat. This year, we've seen our initiatives to recruit from diverse talent pools reduce our time to fill open positions with incredibly qualified candidates.

Our ERGs have continued to grow and invest in our company and the communities in which we operate. Connecting with each other is just one way we have built a strong corporate culture that values the diverse skills, customs, and traditions we bring to the table.

Additionally, Vallen associates have given time and resources to build better communities for everyone.

Janine McManus
Chief Human Resources Officer



SIX CONSECUTIVE YEARS OF RECOGNITION FOR CORPORATE SOCIAL RESPONSIBILITY

For the sixth consecutive year, Vallen Mexico has been recognized for its corporate culture and community of respect by earning the Empresas Socialmente Responsables (Socially Responsible Company) distinction from the Mexican Philanthropy Center (CEMEFI).

Our teams have led with their competitive spirit to strengthen our culture through volunteering events, transparent business relationships, workplace wellbeing, and environmental sustainability initiatives. Retaining our SRC designation affirms our long-term commitment to sustainability and social responsibility.



Tere Septien, VP HR, Vallen Mexico, with our ESR awards

CELEBRATING DIVERSITY, ADVOCATING FOR INCLUSION ACROSS THE ENTERPRISE

We celebrate diversity by welcoming the variety of experiences, perspectives and skills of our associates. In 2024, our ERGs promoted diversity by creating spaces for continued learning, growth, fellowship and community service.

In Canada, our DEI employee resource group kept a continued spotlight on the importance of these initiatives by leading “DEI Moments” at the start of every town hall. Topics included:

- Equality vs. Equity
- Understanding Microaggressions
- PRIDE Month & Canadian Multiculturalism Day
- Visible and Invisible Disabilities
- National day for Truth and Reconciliation
- Creeping away from Cultural Appropriation



“Valen Eats!” initiatives were introduced this year in the form of a potluck meal and cookbook, as few things bring people together like good food. Proceeds from the cookbook will support food sustainability initiatives across Canada.

In Mexico, our teams participated in “Diversity Week” with discussions to enable associates to welcome inclusion and learn from their peers. The topics covered helped our associates build a foundation of trust, respect and inclusion on which to build their work.

FINANCE, HUMAN RESOURCES TEAMS CONVENE IN BELMONT TO LEARN AND GROW

Vallen’s Finance and Human Resources teams from across the globe gathered at the Belmont, N.C. headquarters in June. After the acquisition of WIS was complete, and the teams were integrated, the summit provided an opportunity for these teams to come together for discussions across the entire enterprise.

“The purpose of this Summit was to foster collaboration, networking, strategic planning across One Vallen Team post WIS integration,” says Sonia Timmons, Senior Vice President of Finance.”

Additionally, the teams looked at global trends and focused on enhancing the services provided in relation to sourcing talent, creating career path structures and learning and development opportunities for all associates.

The two-day agenda also included Insights training, department-specific breakout sessions for system training, collaboration, and ongoing integration discussions, and an evening of fellowship and laughs with improv comedy performances from the Charlotte Comedy Theater & Training Center.

The Insights Discovery helped Associates better understand their co-workers and get to know themselves to foster more respectful, productive, and positive working relationships, even across virtual boundaries. Building on the foundation model of Insights Discovery, Associates explored their personal leadership style and unique value. Leaders learned how their individual styles and preferences manifest themselves in their leadership, enabling the leader to examine their effectiveness.



Our Human Resources (top left) and Finance (bottom right) teams from across the enterprise gathered in Belmont, NC for a two-day summit filled with learning, planning and community building.



Putting Values into Action Through Time and Donations

Each year, Vallen associates generously give their time and money to supporting causes in the communities in which they live and work. From service projects to charitable golf tournaments and emergency response, we care about our customers, suppliers, teammates and community.

MEXICAN TEAMS DONATE TIME TO CIUDAD DE LOS NIÑOS SHELTER AND TIRES TO THE RED CROSS

Our Tijuana team shared unforgettable moments with the children at the Ciudad de los Niños shelter, enjoying an afternoon full of laughter, games, and pizzas that filled the atmosphere with joy. Our team also donated toys, clothes, and non-perishable food, demonstrating our commitment to the welfare and development of the little ones in our community.

On May 16, we donated 12 tires to the Mexican Red Cross in Tampico, Tamaulipas. Our donation will be used to service ambulances in the cities of Tampico, Altamira and Cd Madero.

Below: Naehyela Marquez helped coordinate the volunteering for our Tijuana team.



Above: our VSS Team helped upgrade the outdoor spaces at Scotty's House with new shade structures

BEAUTIFYING A SPACE FOR CHILDREN TO HEAL

At our annual safety managers meeting, 54 Vallen associates gave back to the Bryan/College Station, Texas, community by working on improvement projects at Scotty's House. Scotty's House is a non-profit Child Advocacy Center (CAC) serving seven counties in the Brazos Valley. It collaborates with Child Protective Services (CPS) and law enforcement officials, providing victims and families of child abuse and/or neglect with safety, opportunities for healing, and justice.

We tackled several projects at the facility, including creating much-needed shade in their children's play therapy area, cleaning up and improving longer walking trails, enhancing an existing gazebo, and installing borders and mulch. Scotty's House uses these areas to work with children in counseling in various ways, and the enhancements made will make a tangible difference in their lives.

BUILDING BEDS FOR SLEEP IN HEAVENLY PEACE

During two separate events associates in Canada worked with Sleep In Heavenly Peace to construct beds for kids in the Edmonton area. Their mandate is "No kid sleeps on the floor in our town."

At the June event, Vallen CA contributed tools, PPE, volunteer coordination, space for the build, and coffee and lunch for hungry volunteers and volunteer supervisors from the charity. This was the first major charitable workshop held in our new Fulton Creek facility, and it won't be the last.

Altogether, Vallen helped build 66 beds for this amazing organization!



Associates worked at the Fulton Creek Distribution Center to create a bed-making assembly line.



RESPONDING TO HURRICANE HELENE

When disaster struck the Southeastern United States, our Vallen Team showed just how much they CARE. From our associates to our suppliers and customers, Vallen rallied around those affected by Hurricanes Helene and Milton.

Our teams have coordinated the donation of necessary supplies to support relief efforts through organizations working in the hardest-hit areas.

Our efforts have funneled more than \$60,000 in supplies through organizations including Samaritan's Purse, AIDNET of Greene County, TN, and a local church in Asheville, NC.

In Spruce Pine, NC, a retired Vallen Account Representative was working on relief by supplying 80 generators to community members. We supplied extension cords needed in the delivery.

Many people in this community who received these generators work for our customers and did not have power for months.



In Marshall, NC, Helene's flooding caused chemicals to be released into the French Broad River. As the river flooded the community, the chemicals contaminated the mud and sediment in Marshall. People who have been helping clean up the town were getting sick. Vallen donated respirators and boots to make working in these conditions safer.



OUR VALUES IN ACTION:

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





SUPPORTING LOCAL COMMUNITIES

In Canada, one of our favorite times of year is Hockey Season. At Vallen, it's a great opportunity to partner with our suppliers to connect with the communities we serve while having fun in the process. Our "Local Like You" program lets us do just that. In 2024 we sponsored 10 local hockey teams for game nights filled with giveaways, contests, trivia, conversations, and more! It is one of our favorite ways to showcase our values and make an impact.



VALLEN CANADA GOLF TOURNAMENT RAISES NEARLY \$100K FOR CHARITY

Each year, we take a day away from the office to enjoy ourselves with our customers, suppliers and staff to raise money for community programs and services impacting our area. Associates nominate and vote on the charity beneficiaries each year.

In 2024, we proudly supported Sorrentino's Compassion House and pflag Canada and raised \$91,498.52 on their behalf.

The day was filled with laughter and mulligans and fostered an incredible sense of community for everyone who participated.



BUILDING ONGOING RELATIONSHIPS WITH CUSTOMERS IN AND OUT OF THE OFFICE

In the Integrated Supply world, Vallen is a leader because we don't just provide a service, we become a partner in helping our customers reach their goals. As with any great partnership, having a great relationship with the customer plays an important role in success. It not only helps us build trust, but allows everyone to have open and candid conversations. Our associates build these relationships in many different ways.

In Canada, we partnered along many suppliers and customers for charity golf tournaments, appreciation events and more. Building these relationships is one of the most important things we do.

In Mexico, Vallen's team actively participates in various safety events organized by our customers, reaffirming our commitment to provide customized solutions and advice for safer work environments. These participations allow us to collaborate closely with our customers, understand their specific needs and offer them products and services that strengthen their safety standards.

On July 14, National Account Manager Joel Tempelmeyer and two Sr. Managers, Mat Scholz and Enoch Hein, joined Josh Hamilton, Corp Champion for Utilimaster, to show their competitive spirit by participating in a Spartan Race in Grand Rapids, Michigan. Mat is the new Sr. Manager for Utilimaster and Enoch is part of the team that implemented the account last year. Fun was had by all, and the group is planning on doing another race soon. The associates utilized the opportunity to run the race with Josh as a way to build a stronger relationship with Utilimaster.





PARTNERING WITH FREEDOM SCHOOL TO SUPPORT EDUCATION

In June, Vallen BERG partnered with Freedom School, a nationwide summer literacy program aiming to keep children of color well-read through the summer break. Freedom School tackles the issue

of summer reading loss while providing more than just a summer camp experience for their scholars. Vallen provided two weeks of snacks for the Renaissance West Freedom School Scholars. Rosalynn Cannon, Co-Chair for the BERG Outreach Committee, led the Tuesday morning read-aloud during the Haramabee, a daily morning pep rally designed to energize, affirm, and empower the scholars. Vallen BERG also provided fruit, desserts, and hospitality for the Family Engagement Night dinner, which is styled like a summer PTA meeting. Vallen BERG members connected and interacted with the staff, scholars, and parents.

As students prepared to return to school, BERG partnered with Core+ Suppliers for our third annual Back-to-School Backpack Drive to support Title 1 schools in Belmont, NC, Atlanta, GA, and Houston, TX. Together, we provided 160 backpacks and school supply kits to each school.

Top: Rosalynn Cannon reads to scholars at Freedom School. Middle: BERG and Freedom School Volunteers. Bottom: Rose Luko serves snacks to scholars and families at Family Engagement Night.

PARTNERING WITH KPMG TO CREATE BROADER NETWORKING OPPORTUNITIES

In the fall, BERG was approached by KPMG's African Ancestry Business Resource Group with an opportunity to collaborate and create broader professional networks within the Charlotte, N.C. area. KPMG had been researching ERGs and wanted to learn best practices from other successful groups and sought out Vallen as a resource.

Vallen joined KPMG and several other black resource groups for a special networking event at the Charlotte Ballet featuring an exclusive sneak preview of a new performance and a Q&A session with internationally acclaimed choreographer and dancer, Mthuthuzeli November. The event provided a great opportunity for BERG members to connect with other Charlotte-area professionals and enjoy a unique experience together.

COE TEAMS BRING HOME SPORTS TROPHIES IN LOCAL TOURNAMENTS

Vallen's Center of Excellence regularly fields teams for local sports tournaments, including soccer and basketball. This year, our competitive spirit was on display as our soccer team defended their title in the WeWork Soccer Tournament this spring, and our basketball team took home second place in the fall.





SALUTE celebrated its first birthday in April 2024 and has grown to 170 members, 65 of which are veterans. Programming highlights for the year included a company-wide webinar surrounding

the history and importance of Memorial Day, a special presentation by a retired 3-star general on leadership, pathways to success and the importance of philanthropy. SALUTE also hosted two events promoting Employee Assistance Programs during September as a part of Suicide Prevention and Awareness Month.

BUILDING COMMUNITY THROUGH PHYSICAL CHALLENGES

In June, SALUTE fielded a team to run the Savage Blitz 5K in Charlotte, NC. With a workforce spread across the country, the race provided the first opportunity for some of the team members to meet in-person. While challenging, the Savage Blitz created a unique, and fun, networking and team-building opportunity that spanned departments within ValLEN.



GIVING BACK TO VETERANS IN NEED

In November, members of SALUTE packaged over 500 care packages to be distributed to homeless veterans through the American Red Cross in the Charlotte, N.C. area. The completed care packages included toiletries and hygiene items.



ERG COLLABORATION FOSTERS GROWTH

BERG and VICKIE joined forces this year to provide training exploring the discipline of Change Management and the ADKAR model used by ValLEN. The session focused on the model and how it works to provide structure and intentionality to changes to tools, processes, or organizations.

In 2024, BERG, VICKIE and SALUTE also launched a quarterly book club with selections covering leadership, service, performing under pressure, and business success. Each ERG nominated a book, and CEO Chuck Delph put forth the final selection.



BREAST CANCER AWARENESS MONTH

In Mexico, Associates created "Pink Month Initiatives" to raise awareness about breast cancer, including an informative webinar where specialists shared the importance of self-examination and early detection. We also created new Teams backgrounds so associates could show their support for Breast Cancer Awareness and those impacted by the disease.

In the United States, we teamed up with Fighting Pretty to send "Pretty Packages" to women fighting all types of cancer. Since 2013, Fighting Pretty has sent over 26,000 Pretty Packages to women in 50 US states and 19 countries globally. We donated 215 lipsticks to the cause.



SUPPORTING GROWTH THROUGH MENTORSHIP

To help women in ValLEN grow professionally and personally, VICKIE sponsored 4 members to join the inaugural class of the Industrial Supply Association's Women in Industry Mentorship Program. According to ISA, the program is "a pioneering initiative designed to address the unique opportunities and challenges faced by women in the industrial channel. This new program is the only one of its kind in the industrial supply industry, aims to empower women at every stage of their careers, fostering leadership development, meaningful connections, and a strong network of allies and advocates."

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.

BUILDING A DIVERSE NETWORK OF SUPPLIERS TO HELP EVERYONE GROW

We understand the value of diversity both in our workforce and in the suppliers we partner with. Leveraging the experiences of a diverse group of people and businesses only enhances the service we're able to provide our customers and the value we can create. Many of our customers also have requirements for "Diversity Supplier" support for their business.

With our Acquisitions this year, we're merging and reinvigorating the Vallen Diversity Supplier Programs to form one forward-looking program. The new program will identify and grow the share of suppliers owned by minority and traditionally disadvantaged groups and work with them to support our customers' diversity goals.

We are looking to increase the number of diverse suppliers we partner with and % of spend from those suppliers by 25% over the coming year with the knowledge and belief that these partners offer incredible value to our customers.



VALLEN CARES

Vallen is proud to support the causes that are important to our associates. We do so via a variety of means including corporate sponsorship programs and direct payroll deductions through the Your Cause platform.

Whether it's in response to natural disasters or the everyday causes that our associates are involved with, we believe engaging with the community through giving of our time and resources is always a worthwhile investment.

In 2024, we matched more than \$25,000 to employee-selected causes, more than \$100,000 in products, and completed more than 600 hours of service.

2024 Social KPIs and Figures

31%

associates who identify as a member of a minority group*

100%

completion rate for Vallen's 2024 Harassment & Diversity Training for all associates

33%

women associates in Vallen's workforce*

*Diversity metrics are tracked in the United States only.

GOVERNANCE

Strengthening and Safeguarding

“ 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



LEVERAGING AI TO ENHANCE EFFICIENCIES

At Vallen, we are dedicated to delivering innovative solutions that enhance customer experiences and provide exceptional value. By harnessing advanced AI technology, we are optimizing our processes. The tools we're leveraging are enabling us to build more strategic partnerships that improve cost efficiency and service delivery. Our AI capabilities are helping manage customer opportunities more effectively and offering personalized recommendations tailored to each customer's unique needs. This empowers our team with the insights to engage with suppliers and customers more effectively. Through our AI initiatives, we reinforce our commitment to delivering proven value, ensuring customers receive the best possible service and support.

LARGE DISTRIBUTOR & WHOLESALER RELATIONS SUPPORT GROWTH STRATEGIES

Vallen aims to purchase high-volume, high-turn products directly from manufacturers. However, at times, consolidating the product portfolio through wholesale and large distribution channels is beneficial. Our Large Distributor & Wholesaler initiative has established favorable agreements that enhance our ability to manage spot buys, rush orders, and tail spend, with partners offering inventory and warehouse visibility alongside lower order quantities. This network will include companies aligned with Vallen's core competencies and suppliers from product groups yet to be developed. Moving forward, Vallen will promote its Distributor & Wholesaler partnerships internally and integrate them into our AI-driven "guided buying" solutions.



SURVEYING VALLEN'S DATA LANDSCAPE AND ROADMAP

Over the past year, our team has achieved significant milestones that position us for future success.

Ongoing Evaluation of Tools and Applications

Through our acquisitions this year, we spent considerable time assessing existing applications for each enterprise, determining the best tools for business continuity and efficiency and rolling out those tools accordingly.

Additionally, we've decommissioned outdated reporting tools and moved to more powerful solutions that will power our team going forward. For easy adoption, we created demo instances of critical applications to use in training associates.

IMPROVING AND ENHANCING PRODUCT DATA WITH STIBO STEP

In 2024, Vallen's Master Data Management (MDM) team reconfigured our use of Stibo STEP to manage product data and launched the new environment in October, focusing on scalable MDM and combining data models for the US and Canada. Features of our new environment include:

Matching and Linking

All records of the same product, whether they are in different regions, from the vendor's enrichment data, or duplicates within the same system, are now matched and linked together, forming a 'golden record' of each product. This allows us

24

New budgeting tools for enterprise efficiency

In a multi-phase project, we worked hard this year to stand up a powerful financial tool that will help us see, track and manage all of our data in a single platform.

Single Source of Truth

Our enterprise data teams are actively creating a single source of truth for our data that standardizes and conforms dimensions across platforms and tools. This enables our entire enterprise to find, use and understand our data across platforms.

Leveraging our wealth of data

Data is the lifeblood of our business, and we are continuously leveraging new technologies to drive efficiency, help us make healthy investments, and remain competitive in the market.

We will continue to enhance and improve our continuity across the enterprise leveraging best practices and tools to provide innovation and proven value to our business and our customers.

to enrich a product once and visualize any data quality issues with duplicates.

Automatic Classification

Using UNSPSC code, we will be able to auto-classify a product to our extended hierarchy which includes 23 categories and more than 2,800 subcategories. We are actively working to classify more than 2 million products.

Regional Groupings

Stibo STEP currently houses Vallen US and Vallen Canada products with plans to expand to Vallen Mexico.

Asset Downloader

When we're given a list of URLs from a vendor,

VALLEN MEXICO MAINTAINS C-TPAT CERTIFICATION

For eight consecutive years, we have upheld the highest standards in securing our operations by adopting best practices that reinforce security at border crossings, earning us the C-TPAT certification once again.

This achievement underscores our commitment to maintaining safe, compliant, and resilient supply chains.



our software automatically downloads images and supporting documents, publishes that data to regional destinations and resizes and converts materials as needed.

Stibo STEP is the cornerstone of our MDM, and we will continuously improve it through attribute governance, data enrichment processes and further integrations for parts cross reference. In the future, it will feed not only our eCommerce sites, but all third-party applications requiring product data.

CYBER SECURITY FOR THE MODERN WORLD: ADVANCING VALLEN'S SECURITY POSTURE THROUGH STRATEGIC PARTNERSHIPS

Our commitment to safeguarding our systems and data to earn customer trust is unwavering. In response to the evolving cybersecurity landscape and to underscore our proactive approach to detecting threats, addressing vulnerabilities and ensuring a resilient IT environment, we have made significant investments in partnerships with industry-leading security providers to bolster our defenses in 2024. The strategic partnerships with DeepSeas and Red Canary reinforce our strong security posture and achieve key business outcomes:

- **Enhanced Risk Mitigation:** proactive identification and resolution of vulnerabilities and threats
- **Operational Continuity:** Minimized downtime and disruption with improved incident response capabilities
- **Partner and Customer Confidence:** Strengthening trust in our ability to safeguard sensitive data and ensure uninterrupted service.



DeepSeas
This year, we developed a Vulnerability

Management Program with DeepSeas, a recognized leader in cybersecurity solutions. This program offers real-time, continuous scanning and monitoring of vulnerabilities in addition to automated management to streamline workflows for remediation, tracking and reporting. With improved visibility to and control over vulnerabilities and accelerated remediation cycles, this partnership enhances our compliance with regulatory and industry standards and helps us safeguard the data we depend on.



Red Canary
Our efforts to elevate threat detection

and response capabilities led us to partner with Red Canary, a leading provider in Extended Detection and Response (XDR). XDR capabilities include advanced endpoint protection powered by AI-driven analytics and automation through SentinelOne and centralized threat detection, investigation and response services from Red Canary.

By leveraging the expertise of DeepSeas and Red Canary, we are establishing a scalable, forward-looking security framework that enables Vallen to navigate an increasingly complex threat landscape with confidence.



OUR VALUES IN ACTION:

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

VALLEN WINS SUPPLIER EXCELLENCE AWARD FROM CATERPILLAR

We are thrilled to share that Vallen has been recognized as one of the top-performing suppliers in Caterpillar's Supplier Excellence Program. Having met or exceeded stringent requirements and achieved world-class certification, Vallen has been recognized as one of the top-performing suppliers. This marks the first time in many years that Caterpillar has acknowledged Indirect Suppliers, as this event was previously exclusive to Direct Suppliers. Congratulations to the entire Caterpillar team for their hard work, dedication, and unwavering commitment! We eagerly anticipate the future of our partnership.





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 2024, 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*.



INDUSTRY LEADERSHIP

As the industry looks to recruit and retain diverse talent from various backgrounds, Vallen is proud to lead by example with men and women serving on board and leadership positions in industry associations.

Joyce Lansdale, VP enterprise business development, is serving as Chair of the Board of Directors for the Industrial Supply Association (ISA). She was also featured in a cover story profile in Industrial Supply Magazine in March.



Caroline Hains, senior manager of Exclusive Brands, having completed the ISA Emerging Leaders Channel Certification, was appointed Vice Chair of the ISA Emerging Leaders Network. This network seeks to develop and connect high-potential young professionals in the industry.



Michael Moore, director of business development, was appointed Chair of a new ISA network benefiting veterans. The Veterans Empowerment Network seeks to help veterans thrive in their roles through support, education, networking and community.



VALLEN BRINGS BIG PRESENCE TO ISA24

Vallen's culture and core values were on full display at ISA24, an annual conference by the Industrial Supply Association in April. We proudly sponsored this year's conference as a way to connect with other industry leaders.

During the conference, our associates participated in the Charity 5K Fun Run/Walk in support of the Ronald McDonald House of Greater Charlotte, N.C. Our competitive spirit was evident as Kevin Pugh, President of Vallen US, finished in the top 3.

Sonia Timmons, Vallen's Senior Vice President of Finance, joined a panel of leaders to discuss "Building a Strong Culture for Channel Success," where she outlined the essential components of a great culture, including supportive leadership, belonging, shared values, and transparency.



With ISA24 held in Charlotte, N.C., our team took proximity to our Belmont, N.C. Headquarters as an opportunity to show extra hospitality to customers, suppliers and others within the industry.

POWERFUL PARTNERSHIP WITH DATANOMIX CENTERS SAVINGS ON REAL-TIME DATA.

At the International Manufacturing Technology Show (IMTS), we unveiled Tooling CPU Analytics, a joint venture with Datanomix available in 2025 that provides clarity into one of the biggest variable costs manufacturers face. This game-changing solution for metalworking manufacturers combines tool usage data from Datanomix with our cost data to automatically calculate cost-per-unit and suggest tools, methods and vendors to help manage and reduce expenses.

REVOLUTIONARY TOOLING CUTS CYCLE TIME, INCREASES TOOL LIFE

At a large global industrial equipment manufacturer, the Vallen Metalworking Services and Solutions team examined a problematic application, where they cut a 17mm diameter through a hole in A36 steel. They were using a replaceable tip carbide drill, and there had been a long history of adjustments and testing made to the process and tooling to yield the best results possible; however, the customer was still struggling with poor chip formation and tool life on the application.

After reviewing the application with the customer, we decided to test a solid carbide drill from another manufacturer even though the cost per tool was significantly higher.

The customer understood that tooling isn't simply about purchase price. A couple rounds of testing and adjustments resulted in a 2708.33% increase in tool life from 36 features (holes) to 1,011 features (holes) and 87.247% reduction in cycle time (time in cut) from 55 seconds to 7 seconds.

CPU calculations are particularly useful in high-volume production settings, but it's not always the right data to measure. In addition to Tooling CPU Analytics, our metalworking services and solutions team also offers cost-per-machine-hour (CPH) tools that are suited to lower-volume environments with diverse SKUs. By analyzing the right metrics for each customer, we uncover the highest cost tools and identify underperforming equipment, revealing hidden costs for our customers and our specialists help pinpoint critical tools for targeted cost-reduction actions.





2100 THE OAKS PARKWAY
BELMONT, NC 28012
USA

WWW.VALLEN.COM