



MACLEAN-FOGG

MacLean-Fogg Company

SB 261 Climate Related Financial
Risk Disclosure Report

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Introduction

The following report was generated by MacLean-Fogg to fulfill the California Air Resources Board SB 261 Climate Related Financial Risk Disclosures. This report was prepared in accordance with the Task Force on Climate-Related Financial Disclosures (TCFD) and details MacLean-Fogg's Governance, Strategy, Risk Management, and Metrics and Targets as they relate to our climate-related risk and opportunity assessment and monitoring processes.

Company Overview

MacLean-Fogg is a family-owned company, founded in 1925 and began as a manufacturer of innovative products for the railroad industry. Today the company has grown into a diversified global company with over 2,000 employees, providing innovative solutions across a wide range of industries, including automotive, industrial, and material handling. MacLean-Fogg comprises of five business groups: Fastener Solutions, Engineered Solutions, Plastic Solutions, Additive Solutions, and Mallard Manufacturing.

Governance

MacLean-Fogg's executive leadership team, led by the CEO Duncan MacLean, maintains overall responsibility for Environmental, Social and Governance (ESG) related matters, including climate related risks and opportunities. Our executive leadership team oversees climate-related aspects of our corporate strategy, plans of action, risk management policies, annual budgets, business plans and the Company's performance objectives. The executive leadership team works closely with management to ensure that the Company is properly addressing climate-related considerations, including in the Company's overall business strategy. As our Company continues to develop and execute its climate action plan and targets, our executive leadership team will continue to oversee our strategy and monitor the Company's progress against goals and targets for addressing ESG-related issues.



Management has established a dedicated Sustainability Department that collaborates closely with leaders across all business units to ensure alignment with the company's enterprise-wide sustainability strategy. The department meets regularly to review goals, performance metrics, and progress, and to refine the overall sustainability roadmap. This process includes periodic assessments of the sustainability SWOT analysis to identify and mitigate potential risks and threats.

The Sustainability Department is led by the Vice President of EHS and Sustainability, who reports directly to MacLean-Fogg's CEO and serves as a member of the executive leadership team. The department is responsible for monitoring and driving the execution of sustainability initiatives across all business units.

The Environmental, Health, and Safety (EHS) team manages the company's environmental management system and provides technical expertise at all operating facilities. The team develops and implements policies and protocols for energy management, air emissions, waste reduction, water conservation, scrap metal recycling, and employee training. Additionally, the EHS team ensures compliance with all applicable legal and regulatory requirements.

Strategy

Through our ESG materiality assessment and, MacLean-Fogg has identified and evaluated relevant climate related risks and opportunities with potential meaningful impact on our business. For purposes of this report, we have defined the short-term as within the next 1-3 years; medium term as 3 to 10 years; and long-term as 10+ years. Financial impacts and strategic responses to each risk and opportunity are identified. Per TCFD guidelines, risks are categorized as transition risks or physical risks.

We have identified a set of transition risks associated with the shift to a low-carbon and climate resilient economy, including: carbon pricing relevant to facilities and products; mandates on and regulations of existing products and services; and shifts in consumer preferences. We also recognize that extreme weather events pose a physical risk to our supply chain that could have impact our operations.

RISK TYPE: TRANSITIONAL**Policy and Legal: Carbon pricing relevant to facilities and products**

Description and Financial Impact: We expect climate-related regulatory initiatives and carbon markets to increase and be adopted by more countries or legal jurisdictions. Such regulations could increase our manufacturing costs, as well as those of our suppliers.

Time Horizon: Short Term

Strategic Response: We have assessed the potential impact of carbon pricing regulations on our products and facilities and determined that this represents a low risk for our organization. Internal procedures and best practices are in place to ensure compliance with all required reporting.

The majority of our emissions are associated with energy consumption in manufacturing processes. To address this, we have implemented a comprehensive program to identify energy inefficiencies and execute projects aimed at reducing consumption across all sites. As a result of these efforts, we have achieved a 15% reduction in Scope 2 emissions.

Policy and Legal: Mandates on and regulation of existing products and services

Description and Financial Impact: As state, regional, and country regulatory bodies continue to implement more rigorous emissions-related disclosures or require emissions reductions, Maclean-Fogg may incur additional costs to comply with these requirements or incur fines for noncompliance. Additional headcount and systems may also be required to meet the information disclosure requirements.

Time Horizon: Short to Medium term

Strategic Response: MacLean-Fogg takes a proactive approach to managing current and emerging product regulations to minimize their impact on our business operations. To ensure compliance with climate-related regulations across all markets in which we operate, we partner with a third-party compliance expert. The cost of this service is incorporated into the company's budget, with planned expansions to accommodate upcoming regulatory reporting requirements.

RISK TYPE: PHYSICAL**Acute & Chronic: Increased severity of extreme weather events**

Description and Financial Impact: Certain extreme weather events can lead to interrupted production, disrupted supply chains and raw material shortages in areas impacted by weather events. MacLean-Fogg may see decreased revenue due to decreased production capacity or availability of necessary materials.

Time Horizon: Long Term

Strategic Response: MacLean-Fogg mitigates weather-related supply chain risks and potential operational disruptions through site-specific business continuity plans for each facility. These plans are integrated into our IATF-certified programs and are reviewed annually with site leadership to ensure accuracy and alignment with current business risks. In addition, MacLean-Fogg uses an external service that monitors natural hazard exposure and provides advanced severe-weather warnings so that impacted sites can proactively prepare for incoming conditions. This allows us to ensure team members' safety, shutdown equipment properly to avoid delays due to malfunctioning equipment, and adjust shipping schedules as needed.

CLIMATE RELATED OPPORTUNITIES**Resource Efficiency: Efficient production and improvement processes**

Description and Financial Impact: MacLean-Fogg could see improved profitability with reduced operating costs by creating more efficient facilities.

Time Horizon: Long Term

Strategic Response: MacLean-Fogg is committed to improving operational efficiency across the organization, with a primary focus on reducing energy waste at our manufacturing sites. We have implemented an Energy Treasure Hunt program designed to identify energy inefficiencies and develop projects to eliminate waste and enhance efficiency.

Looking ahead to 2026, we plan to optimize facility shutdown procedures to further reduce energy consumption and extend equipment life. Additionally, we will prioritize identifying and repairing compressed air leaks across all facilities to drive further energy savings.

Energy Source: Use of lower emissions sources of energy and new technologies

Description and Financial Impact: With an increased focus on decarbonization and energy efficiency, customers may demand products that use less energy. MacLean-Fogg has the opportunity to meet this demand through product innovation and operational improvements.

Time Horizon: Medium to Long Term

Strategic Response: MacLean-Fogg has implemented a design review process to evaluate the carbon and energy impacts of process changes and new equipment before they are introduced into our facilities. This proactive approach ensures that sustainability considerations are integrated into business decisions, enabling us to achieve reductions in emissions and energy use prior to equipment installation.

Risk Management

As part of our Sustainability Program, we identify, assess and monitor climate risks to minimize their potential impact. Like most organizations in our industry, we are subject to domestic and international environmental laws and regulations and consider the regulatory landscape a relevant factor when assessing climate related risks and opportunities.

In 2023, MacLean-Fogg completed a materiality assessment to identify the areas within our operations that posed climate-related risks. We captured feedback from both internal and external stakeholders, including shareholders, customers, and employees. For each issue, the assessment provided the degree of stakeholder concern and potential business impact allowing us to better understand the potential size and scope of climate related risks. This materiality assessment helped inform and develop our sustainability program and gave focus to our mitigation efforts. In 2025 we completed an internal materiality assessment with leadership across all of our sites to understand any shifts in our priorities and ensure that our strategy for 2026 aligned with the current needs of the business.

The Sustainability team meets quarterly to review priorities and refine the overall strategy for the sustainability program. This strategy considers emerging regulatory requirements, customer expectations, internal business needs, and climate-related risks to the company. It outlines a clear approach for managing these factors effectively. The plan developed during these meetings is communicated by the Vice President of EHS and Sustainability to both the executive leadership team and site-level leadership teams.

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

The MacLean-Fogg executive leadership team and the Sustainability Department periodically review climate-related risks and opportunities impacting the business. Updates are communicated during routine meetings across various levels of the organization. Additionally, each site develops and reviews its Business Continuity Plan annually, incorporating relevant climate-related risks.

In 2026, we plan to formalize and expand this process by introducing a quarterly sustainability meeting dedicated to reviewing and updating company leadership on all sustainability topics, including climate-related risks. We also intend to standardize sustainability reporting for the Board of Directors and the Executive Leadership Team to ensure consistency, transparency, and alignment with best practices.

Metrics and Targets

MacLean-Fogg tracks the following metrics relevant to climate-related risks and opportunities:

- ✓ Scope 1 and 2 GHG emissions
- ✓ Energy consumption
- ✓ Waste generated, including non-hazardous and hazardous, and recycling
- ✓ Water withdrawal

MacLean-Fogg has set the goal of reducing intensity of Scope 1 & 2 CO₂ emissions by 30% by 2030. We are using 2023 CO₂ emissions as our baseline year.

We plan to achieve this through four main activities:

- 1 Reduction of energy and natural gas consumption
- 2 Complete energy treasure hunts at each facility to identify energy waste and opportunities to improve efficiency.
- 3 Focus on identifying and repairing compressed air leaks.
- 4 Optimizing shutdown procedures

In addition, we will pursue a number of other initiatives that will help us further drive down our CO₂ emission.