

2022 ESG REPORT

Environmental, Social and Governance

Published October 2022



TURTLE.COM



POWERING A BETTER TOMORROW

The Next 100 Years

We are a fourth-generation, family-owned business, one of the nation's largest independent electrical and industrial distributors – and a recognized leader in integrated supply. We are a woman-owned, woman-led, and a certified WBENC company with 100 years of servicing customers. We are committed to progressing our people and to relentless innovation for the planet's future health. We Power a Better Tomorrow with products, services, and solutions built on a century of dedicated customer service, and by promoting sustainability as a proof of purpose business strategy.



In January 1923, one small truck made its first customer rounds through the narrow streets of lower Manhattan. M. Berry Turtle, supported by his wife Ethel Macnamara Turtle, and partner Bill Hughes, provided electrical supplies to small businesses and commercial accounts in the financial district south of Canal Street.



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Core Values

In 2022, with input from an employee survey, we updated our Core Values.



better tomorrow

Creating Customer Value for a Smart Energy Future

Our Mission

Deliver products, services and technical solutions that help customers increase efficiency, reduce costs and save energy for a more prosperous and sustainable world.

Our Solutions

Help customers to reach their own sustainability goals by advancing green energy solutions.

ESG Pillars



Key Advantages The assets we use to create value for our customers

> Financial The strength of our balance sheet

100-year History A reputation of integrity and a legacy of results

- **Employees** +850 employees nationwide and in Mexico, Puerto Rico and Canada
- Supplier Relationships +6,500 industry-leading suppliers
- **Technical Expertise** We innovate to deliver advanced solutions
- 2021 2022 Ratings Ecovadis Silver (73rd percentile); Customer NPS Excellent (74)



TURTLE 5 HUGHES ESG REPORT 2022

Focus us on achieving positive outcomes for our customers, our teams and our communities.

Outcomes

The value we create by offering the most sustainable products and solutions.

A Letter From Our Leadership

Solving Challenges for our Electrified and Connected Future

Dear Friends.

We are entering an exciting time in our company's history. In January 2023, we will mark a century in business. We continue to be inspired by our co-founders, M.B. and Ethel Turtle, who instilled a higher purpose that remains at our core today - to achieve growth based on innovating for our customers, and attracting and retaining the best people by creating a deeply human caring culture.



Today, we are filled with great anticipation for our next century – and with gratitude for our customers, partners, and exceptional employees who continue to fulfill a promise first made by the Turtle family back in 1923.

This past year, we have seen that no area of the world is safe from the chaos caused by both natural events and human behavior. The energy sector is also facing change in the coming years. Technological advancements are going to mandate that electrification services and processes are upgraded to meet the needs of customers. Turtle plans to be the solutions provider for these advancements with our products, services and solutions.

Sustainability has long been at the core of our business strategy. We continue to set the pace for what's possible in our industry through our ESG goals, which remain clear - to support our customers' efforts with industry-leading products and services, our employees with opportunities and tools to be their very best, and our communities with compassion.

Over the past year, we have progressed our ESG program and mission to accelerate the shift to a more sustainable, low-carbon future. We have established baseline metrics and KPIs across our businesses. We are doubling our efforts to build an equitable and representative workforce and training our employees to solve the energy industry's most complex challenges. We pledge to reach our commitment to donate 2% of net profits to advance the problem solvers in our communities.

This coming Centennial year is not only a time to celebrate our past. It's an opportunity to look forward by demonstrating how we have continually been able to create the future by delivering on a purpose-driven strategy powered by our people. Every day, our talented staff brings their unique perspective to deliver energy solutions to our customers that will impact generations to come.

We are proud of what we have accomplished this year as a team, which is outlined in this report. We thank our customers for their continued support and our employees for their dedication to purpose.

Javne Millard Executive Chairman of the Board Kathleen Shanahan Chief Executive Officer





100 Years of ESG

- 1923: Breaking Ground: M.B. Turtle and Bill Hughes open Turtle & Hughes supplying electrical equipment to businesses in Lower Manhattan.
- 1933: Surviving the Great Depression: The business flourishes despite economic threats; a second location opens in Elizabeth, NJ.
- 1942: Trailblazing: Following the death of both partners, M.B.'s widow, Ethel Macnamara Turtle, leads the company to growth for 22 vears.
- 1968: Family Ties: Ethel passes in 1964 leaving the Presidency to her son, John Berry Turtle, who passes four years later. His daughter, Suzanne Turtle Millard, and husband Frank, become President and Vice President, respectively, amid financial challenges and an aging staff.
- 1976: A New Era: The company is poised for unprecedented growth supported by a bright new sales management team and a relocated corporate headquarters at 1900 Lower Road in Linden, NJ.
- 1978: Westward Expansion: Turtle expands out of the New York Metro area to Houston, TX, servicing the petrochemical market. Amid fierce competition, it perseveres and remains an integral part of Turtle.
- 1980: Times They Are a Changing: Turtle welcomes its first computer ushering in an age of technology. With the crash of the international oil market, it reinvents itself as a new player in the domestic electrical contractor construction industry.
- 1993: Leadership and Diversification: Turtle ranks in the top 25 electrical wholesalers in the country. It acquires Connecticut-based Silliter/Klebes, marking its entry into industrial supply and paving the way for Turtle & Hughes Integrated Supply (THIS) division.
- 2010: Passing the Torch: Jayne Millard, daughter of Frank and Suzanne Millard, and great-granddaughter of M.B. Turtle assumes the role of CEO from her mother, continuing the company's status as a WBENC-certified Women's Business Enterprise.
- 2020: Transforming the Future: Kathleen Shanahan, former Board member and Co-CEO, is named the company's first non-family CEO supporting a vision of sustainability as a core business strategy. Jayne Millard remains a member of the executive committee and Executive Chairman of the Board.
- 2023: 100th Anniversary: Turtle continues its upward trajectory, growing to +850 employees across the U.S., Canada, Mexico, and Puerto Rico, delivering sustainable solutions to the industrial, commercial, utility, contractor, and integrated supply services market.

Turtle At a Glance











Sustainability Rating 56/100, 73rd Percentile



NPS Customer Experience Rating "Excellent" for the past five years



Corporate Philanthropy Gary Sinise Foundation Sea Turtle Conservancy Make-A-Wish International

Employee Service (Years)



ENVIRONMENTAL

Energy + Innovation

The need for energy efficiency, decarbonization, and the integration of renewables and distributed generation are driving power systems to become increasingly smart and sustainable, managed by intelligent devices that allow for end-user contribution to the energy share.

Renewables now account for 90% of new power capacity expansion globally. More of our electricity comes from clean sources. Smart cities are increasingly embracing microgrids leveraging solar power and energy storage. Today's microgrids can run on renewables, natural gas-

A Smart Energy Future A Smart Energy Future Watch on 🕞 YouT

fueled combustion turbines, or emerging sources, such as fuel cells or even small modular nuclear reactors.

Our strategy is to be the nation's leading supplier of renewable energy solutions. Currently, 100% of our specialty business is tied to projects with sustainability components primarily aimed at reducing greenhouse gas emissions or supporting the use of clean energy. In addition, 53% of the remaining business supports these projects to provide a complete solution to our customers. We enhance cost-effectiveness by recognizing interrelationships between systems. We enhance performance by integrating efficient and sustainable design elements and by encouraging cross-disciplinary problemsolving. We continue to "think green" and make decisions that take into account the impact on the environment. Our goal is to continue investing in our people, building strategic partnerships with sustainable manufacturers and vendors, and providing our customers with complete solutions for their most complex sustainable and renewable energy initiatives.

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Turtle Sustainability Services Industries Served Podcast: What Sustainability Means to Our Employees Podcast: Sustainability Fireside Chat Podcast: Our Role in the Sustainable Future of Texas

Our services are a core component of our ESG offerings. However, products sold through our eCommerce platform also support sustainability goals, both for Turtle and for our customers. Turtle.com currently offers approximately 600,000 SKUs in product categories including lighting, MRO supplies, distribution equipment, and wiring supplies among others.

By offering our products through a digital platform, we support the movement towards minimizing the number of steps in the shipping process. Currently, 40% of our online offering is non-stock product that ships directly from the source to the customer. This eliminates unnecessary over-handling which typically leads to higher fuel usage by different modes of transportation, as well as increased CO2 emissions. For our stocked items, we offer the option to "ship complete," where customers can hold their order until all items are available to ship together. This decreases the amount of packaging material wasted and saves both mileage and fuel upon delivery, translating to a decrease in CO2 emissions. Turtle.com allows us to get products into the hands of customers faster while supporting our sustainability initiatives.



Currently, 100% of our Speciality business is tied to projects with sustainability components primarily aimed at reducing greenhouse gas emissions or supporting the use of clean energy.



Infrastructure

Infrastructure provides essential services to societies and industries, including transportation networks, energy grids, and wastewater-treatment plants. These projects are critical to economic development and to connecting people and ideas. Turtle has focused on providing agencies with sustainable solutions for their most complex projects. Our staff actively participates in finding green solutions by engaging in thoughtful and new supplier partnerships, engineering unique approaches to customer projects, and incorporating sustainability practices across our company operations.

Climate change presents a significant and growing risk to our transportation infrastructure, the communities it serves, and the people who rely on it. The Department of Transportation (DOT) is committed to using all of its authorities to substantially reduce greenhouse gas emissions and transportation-related pollution and build a more resilient and sustainable transportation system to benefit communities.

Our water and wastewater systems are also in need of upgrading. For decades, the American Society of Civil Engineers has graded national infrastructure. in 2021, the United States scored a C- for drinking water and a D+ for its wastewater infrastructure. The Bipartisan Infrastructure Law provides \$56 billion to upgrade and modernize water and wastewater systems across the United States in the face of climate change threats - along with another \$590 billion for transportation and \$98 billion for energy. This will aid the growth of our business.

Our staff is focused on technology-driven, multidiscipline projects. We offer a packaged system of equipment and services to update communications, security, and rail transit systems and improve electrical capacity to subways, airports, and any other infrastructure that connects people to their worlds.

Quick Links

Infrastructure Capabilities **Energy Management** Podcast: Infrastructure Investments in Boston Podcast: Infrastructure Investments in Philadelphia Podcast: Infrastructure Investments in Texas



















Our projects demonstrate our technical expertise and commitment to solving complex issues for our customers.

Airports

Over the last 12 months, our many airport projects include the New York area's LaGuardia (LGA), John F. Kennedy International Airports and Liberty Newark, in addition to Boston's Logan Airport, and Los Angeles International Airport (LAX). We have supported, designed and built assistance for critical power distribution systems, energy-efficient lighting design and Electric Vehicle (EV) charging solutions.

Water Reclamation

Today, we are providing power distribution equipment and services to one California city to upgrade and expand water capacity from 30 million gallons/day to 52 million gallons/day of clean, purified water to residents.

Ports

We are supplying critical electrical cables to major California ports used to operate the cranes that unload cargo ships. By stocking cable, we can help customers avoid long lead times or we can provide alternatives as a short-term solution to keep the ports – and the economy – moving forward.

Solar & Wind Balance of Systems

For one customer in Maryland, we are providing all the balance of systems equipment for three solar installations that are expected to generate 34.5 million Kwh/year. Over the 25-year contract term, the anticipated greenhouse gas emissions reduction is 536,613 metric tons of carbon dioxide equivalent, which is equal to removing 113,931 cars from the roads for a year.

EV Charging

The New Valley Hospital in Ridgewood, NJ, is expanding charging capabilities for patients, staff and visitors with 12 new ChargePoint CT4000 Dual Port stations, the most robust and flexible EV chargers on the market today.

Infrastructure

Rockwell Automation

In parts of New York and New Jersey where we are an authorized distributor of Rockwell Automation, our focus to increase our infrastructure business resulted in our team completing 11 water and wastewater projects with systems integrators in the first half of FY 2022 compared to a total of 19 in FY 2021.



Municipalities and authorities look to us as a technical resource to help make their facilities more efficient and robust with controls and variable frequency drives, software to oversee the operations, and motor control centers to provide central control to an array of motors. The result of a successful project is that our end customers can continue to provide clean water, and treated and cleaned effluent that goes back into our ecosystem.

Quick Links **Rockwell Automation**





Transit

Included in our Infrastructure business is the Turtle Transit department which completed three MTA C&D Passenger Identification (PID) projects for the New York City Transit (NYCT) subway stations in 2021 and started three new PID projects in June 2022. The ultimate success of our PID projects is providing the general public with increased safety, NYCT and NYPD with increased energy savings, and a better subway system environment in dire need of health, safety, and energy savings improvements.

For all projects, we:

- failures.
- efficient circuit breakers.

Quick Links

Transportation Solutions

Turtle is a mentor in the MTA Small Business Mentoring Program (SBMP) advising small M/WBE electrical contracting firms on small- to mid-size transit system projects. To date, we have provided technical assistance to 20 firms helping them complete their first NYC transit projects. Many have graduated from Tier 1 to larger Tier 2 MTA projects.

Waste Management

Since 2014, the Transit Department has supported the MTA's Waste Management Plan requirements in partnership with our prime contractors to recycle and safely dispose of all contractor materials and existing materials to best protect our environment. From power equipment, batteries, HVAC systems, electronics, electrical components, plastics, and metals, we have a disposal plan for each project to ensure the least amount of waste possible is generated. An analysis of job site waste expectations is generated along with diversion strategies and awareness training.

• Furnish, test, and provide onsite installation support of ruggedized security access nodes with internal UPS and backup battery power that will save NYCT from expensive security system operational costs during power

• Replace the existing circuit breakers in the stations' Electrical Distribution Rooms with upgraded, fast, energy-

 Increase workforce energy efficiency for both NYCT and the New York Police Department by providing fast and accurate information via new CCTV cameras and security access nodes. This reduces the labor force to investigate, track, and obtain evidence and critical information for both agencies at these six stations.

Lighting and Energy Upgrades

Energy upgrades are the largest sector of our specialty department offerings. By providing energy-efficient lighting products, we help businesses save energy, and improve employee comfort and productivity. Much of our LED upgrades in 2021 and in the first half of 2022 have focused on instant discount programs and incentives offered by major utility companies.

Advanced LED lighting technology saves, on average, about 50% or more on energy usage.

Through rebate programs with PSEG in New Jersey and PECO in Pennsylvania, we can save large sums of kilowatt hours, leading to lower electricity costs and less energy wasted.

Quick Links

Energy Upgrades

Rebate Program Kilowatt Hour Savings





Sustainability in Action $\left| \pm \right|$

Moving to LEDs

Our energy experts recently retrofitted a 208,000SF office building on Long Island, New York, for an global commercial real estate company. The customer will receive a PSEG rebate estimated at \$96,317. Estimated energy savings is over \$75,000/year with a 50% reduction in kWh annually.









Mobile Batteries for Energy Storage

Turtle Energy Storage Systems (TESS) is supporting Power Edison with products for a key energy storage project that puts megawatt-scale batteries on truck trailers to bring more flexibility to energy storage at an affordable price. The ninetrailer system is being built in New Jersey for a utility in a large metropolitan city in the midwest.



Energy Storage

Battery storage systems are transforming the energy landscape and providing opportunities for commercial, industrial, utility, and facility-scale applications.

Industrial Automation

The accelerated rate of digital transformation has opened new opportunities for creating greater value, helping build sustainable economies for better lives and the environment. Turtle & Hughes Industrial Automation group works closely with vendors and customers in the convergence of legacy infrastructure and modern sustainable technologies.

The implementation of Intelligent automation can carve a new pathway toward achieving both sustainable economies and energy transition, be it in healthcare, manufacturing, or even logistics.

We bring extensive expertise in industries advancing sustainable innovation. This year, we worked closely with liquified natural gas plants on their digital transformation and compliance with cybersecurity Federal regulations. Another area we focused on was smart water applications to improve quality, efficiency, and security for municipal entities and water-intensive industries.

We also recognize that manufacturers and vendors are seeing new revenue streams coming through service-based models. Some of them base their offering on IoT sensing or an AI's ability to better predict equipment failures to deliver proactive service or replenishment needs for customers and commercial businesses. We are taking positive actions to serve customers better and embrace technology to operate more efficiently. This effort helps us become more digital, adaptable, and sustainable.



Industrial Network Digital Transformations

TSI, a division of Turtle & Hughes, is leading the way with nextgeneration network technology from Cisco Systems. We are enabling digital transformations of industrial infrastructure to gather **ENVIRONMENTAL** information, predict operation and better manage key assets. Cisco ASSET MANAGEMENT **INDUSTRIAL TECHNOLOGY** Systems enables the core communication with its industry-leading switches, routers, firewalls, and wireless and industrially hardened equipment that can function in extreme environments, including Class 1 Division 2 hazardous locations. Our core projects include transportation infrastructure, manufacturing, electric infrastructure, power plants and water/wastewater facilities.

Current Projects That Leverage Cisco

- A 50-location Enterprise replacement of wireless infrastructure business and industrial locations • Enterprise firewall replacement project - +300 firewall implementation
- SCADA communications for utility applications at remote customer and substation locations

Quick Links

Industrial Infrastructure Services Podcast: Fortinet Industrial Cybersecurity



Automation Services



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- NYPA's Integrated Smart Operation Center for New York State
- Digital transformation for a flavor and fragrance facility



ISOC Command Center

Turtle & Hughes Integrated Supply (THIS)

Turtle & Hughes Integrated Supply (THIS) division provides comprehensive spend and storeroom management solutions to a wide variety of businesses by implementing targeted services to reduce MRO (Maintenance, Repair, Operations) costs.

Sustainability in Action $\left| \pm \right\rangle$

To help customers achieve their ESG targets, we develop a strategy in four areas:



Environmental Sustainability Reduce waste and freight, and source eco-friendly products through our Environmentally Preferred Purchasing (EPP) process. Onsite programs participate in recycling materials and assist with sourcing CapEx projects (lighting retrofits and energyefficient equipment).



Corporate **Sustainability** Participate in client's ESG goals, such as data reporting through the Carbon **Disclosure Project** (CDP), Ecovadis, and Avetta. Onsite personnel participate in diverse teams with client peers from different backgrounds and cultures.



Economic **Sustainability** Cost savings are driven by our programs as a procurement outsource to reduce costs and make budgets go further. We implement repair and warranty programs and seek small/diverse manufacturers and suppliers to enrich the supply chain.



Operational Sustainability Our staff takes Turtle University courses and manufacturer training. We offer clients "Lunch & Learns" on key MRO commodities. Our continuous improvement process leverages detailed SOPs to ensure our work is performed safely and errorfree. Our systems track an array of metrics – spend, savings, productivity improvements. We innovate with ongoing conversations around 3D printing, AI/ML, and automating processes. We conduct engagement surveys with our people and continue to look at the demands of work and private life.







We are proactive and lead meaningful change for our customers.



Integrated Supply Podcast: The Integrated Supply Service Model



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We assisted a customer in closing a facility. By recovering over \$500,000 in direct payments from suppliers or by transferring product to other sites, we kept over 30 tons of product out of local landfills, avoided raw material use, and reduced trash transfer costs - and CO2 emissions.

Our evolving THISBASE data enrichment model is cleaning content for customers, identifying duplicate parts and increasing visibility into the products they consume.

A vending program implemented for one customer will provide detailed usage data, by user, to reduce consumption.

THIS continues to reimagine integrated supply services by focusing our expertise on ways we can support customer initiatives through innovative programs.

Operational Excellence

Since publishing our first ESG Report in 2021, we have conducted further research and gained a better understanding of our internal operations to become more sustainable. In June 2022, we conducted a selfassessment furnished by the Carbon Disclose Project (CDP). It will be used to establish a baseline for shortand long-term operational goals.

The self-assessment shows that we have made progress, including in public disclosures of emissions. However, we can form a more robust strategy by connecting with third-party sources to verify climate data and setting emissions reduction targets.

We have made significant strides in the past year to become more intentional in our data collection, as well as our environmental impacts.



By spring 2023, our goal is to implement a warehouse execution system (WES) optimization. This upgrade targets logistical challenges identified by our operations team. It will improve order accuracy, reduce case count per order and increase shipment volume capacity.





34,710 lbs.



Annual Energy Produced by Two Solar Arrays



In 2021, we established a baseline for waste and will be establishing goals in the next 12 months.







Driving Towards Sustainability

We are committed to growing our EV fleet through our "flex to green" capabilities that allow us to continue our current vehicle leases while switching to EVs when available. We currently have one electric van in our fleet and another that will be in service by October 2022. We also have one ChargePoint CT4021 Level 2 EV Charging Station at our Linden location. We are targeting electric vans with a goal to add eight electric vans to our fleet in the next five years. This will be followed by the expansion to electric trucks once load and mileage efficiency are improved.

This is how we see our fleet continuing to move towards sustainability:



Supply Chain

With little improvement in supply chain disruptions and challenges, our teams continued to focus on product availability, price mitigation, inventory optimization, identification of alternate products, and service. With this backdrop, we continued to work on our sustainability efforts in our supply chain. In October 2021, we launched a Sustainability Questionnaire to top suppliers by spend.

While the response rate was lower than hoped, we did gain interesting insights:

- 70% were developing formal ESG initiatives
- >50% had identified metrics to track, such as carbon emissions
- <30% were tracking their supply chains
- 50% were tracking Scope 1 and 2 emissions
- >60% had adopted policies in the ESG space



TURTLE GREEN has close to 600 products with 18.000 SKUs identified for inclusion by 2023

This guestionnaire addressed a gap identified in Turtle's 2021 Ecovadis assessment and began the initial steps of baselining and creating a path to data collection and transparency in our supply chain. This will only gain momentum as customers and business partners rely on distributors like Turtle to provide access to the extended value chain.

Supplier Code of Conduct and Supplier Diversity Inclusion

In 2021, we added our Supplier Code of Conduct to every Purchase Order. It outlines our expectations for conducting business and identifies suppliers that demonstrate a firm commitment to safety, ethics, diversity, the environment, and continuous improvement – and who can provide us with world-class goods and services with the optimal cost of ownership, best on-time delivery, shortest lead time, exceptional quality, unique capability, and a high level of customer responsiveness.

Sustainable Procurement and Supplier Diversity

With continued challenges, progress towards some of our stated goals has been slower than expected. Through this, we focused on bringing to market a new Turtle Green sustainable products catalog. Launching in February 2022, it currently has close to 600 products that are either sustainably made or sustainably designed, with more to be added throughout 2022 and 2023. We are currently working through some issues with pricing uploads on our Turtle Green stock, and will have items available for online purchase by year-end 2022. In addition, two of Turtle's largest integrated supply clients are actively working with our team to develop and implement dedicated sustainable product catalogs.



Turtle Green Diversity and Corporate Responsibility Supplier Code of Conduct Supplier Diversity and Inclusion Policy **Diverse Supplier Spend**



- Women-owned (\$1,559,104) Minority-owned (\$367,542)
- Other (\$220,198)

Diverse Suppliers



• Women-owned (34) Minority-owned (4)

• Other (11)



Diverse Supplier Products





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SBE 16%



Our goal remains to grow our diversity supply base by 20% and spend by 10% from a baseline established in 2021. With the current market conditions and changing customer needs/product demands, this will be challenging, but attainable. In a distribution business, a large amount of purchasing is directed by customers selecting specific manufacturers and products. This will require identifying additional diverse suppliers, our client-facing teams offering customers new supplier products, and participation from our customers to support diverse businesses.



Sustainability in Action



Diversity Partnership

We expanded our partnership with Cadenza Innovation with a strategic investment in the growth stage company that has developed a patented technology platform enabling a new generation of safe, high-performing, lowcost lithium-ion (Li-ion) batteries and energy storage solutions. This reinforces our commitment to delivering greener solutions that empower customers to achieve their sustainability goals. Cadenza Innovation was founded and is operated by CEO Christina Lampe-Onnerud, one of the world's pre-eminent battery experts.

Quick Links

Turtle & Hughes Partners with Cadenza Podcast: Christina Lampe-Onnerud

SOCIAL

A Purpose-Driven Strategy Powered by Our People

We define social responsibility as caring for people – our Turtle family, our partners, and our communities. It means that our Core Values put people at the center of all we do. We prize diversity and inclusion so everyone has a voice. We promote a safe working environment so our teams can return home at the end of the day. We provide opportunities for career advancement so employees can envision a future of possibilities. We are building a purpose-driven culture where all employees recognize that we operate our business for the benefit of society.

We harness our human energy using the Entrepreneurial Operating System (EOS). It instills focus, discipline and accountability so that everyone executes the same vision and strategic goals. One of our 3year EOS goals is to be best in class for employee development and retention. We have established benchmarks in 2021 and will be creating S.M.A.R.T. KPIs to help us progress toward our 2025 goal.



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Inclusion

At the height of Covid-19, 85% of our workforce was telecommuting to work. In 2022, 56% of our workforce continues to work remotely or in a hybrid capacity, and many of our front-line workers connect primarily from a mobile device.

This year, we have found new ways to support all of our workforce and make everyone feel more connected to the Turtle family. In April 2022, we launched Workvivo, a communications platform designed to connect teams across the organization on desktop or mobile devices, no matter where they work. It is all of Turtle, all in one place. Employees and leadership share team- and work-related successes, industry insights, personal bests, HR updates, and much more. With a 90% employee-use rate, Workvivo has become a central hub for remote, in-person and front-line Turtles.





Diversity



As part of our goal to increase diversity among our employees from a baseline established in 2020, we have partnered with eQuest, a job aggregator, to ensure that we reach more diverse populations in our recruitment efforts, and follow all compliance programs and regulations.

We continue our efforts to aggressively seek out, onboard and retain diverse staff so that we can grow our overall diversity. It's also important that all employees feel a part of our extended family. We provide training on workplace diversity and fulfill accommodations by our staff so everyone can succeed without limitations.

Our diversity enables us to provide the most innovative solutions to our customers.

Quick Links 🕞 Diversity Podcast: Supplier Diversity







2021 - 2022 Diversity Figures

Developing Talent

Turtle advances employee growth through targeted education and with programs to foster leadership and an entrepreneurial spirit.

Our Core Values state that technical expertise is our strength. We develop our employees through sustainable and inclusive growth that provides options to lift every Turtle who is interested in personal and professional growth.

Today, each employee is required to complete 10 hours of training a year through Turtle University or external supplier/industry training. In 2021, we added an external training program called Leadership Education through Advanced Development (LEAD) targeted to mid-managers with many already completing the pre-requisite Turtle University courses. Our goal for 2023 is to increase training hours by 10%. We will accomplish this by expanding our current offerings, including a new front-line training program to open up more opportunities for sponsorship and promotion, and through better tracking by improving the platform's UX experience.



Quick Links 🕒

Turtle Careers

2023 Goals ()

Employee Retention

In 2022, we launched new programs to keep our greatest asset engaged, inspired, and feeling connected and appreciated. We established a baseline of 61.9% for voluntary separation, with a goal to reduce that to 50% in 2023. Here are some ways we are working towards that goal:



- Roll out new features in Fall 2022 to Workvivo, a communications platform launched in early 2022 to connect staff socially and professionally and to recognize employee contributions.
- Expand our education resources to provide opportunities for professional growth and advancement, including a new program in 2023 directed to warehouse staff advancement.
- Launch StandOut from ADP in early 2023 to optimize employee engagement and performance.

Safety & Wellness

The safety and wellness of our employees is our greatest responsibility. We ensure everyone has access to the resources they need for their physical, emotional and mental well-being.

Safety

We safeguard our team by protecting them from unnecessary risk, providing proper equipment and safety gear, and leading important safety trainings. Our Safety Committee oversees our health and safety practices and continuously updates our written safety plans. We comply with appropriate safety and security laws and regulations (OSHA, EPA, or DOT) and all other applicable federal, state, and local safety and health regulations.

While our annual Total Recordable Incident Rate (TRIR) fell in 2021 to 1.1 and remains lower than the overall national average (2.7 in 2020) and the distribution industry average (1.2 in 2020), we will continue to decrease our TRIR to as close to 0 incidents as we can be, with a three-year goal of lowering it below 1.0.

Wellness

Ultimately, it's our people who are the catalyst for good and for delivering on our ESG and sustainability strategy. When employee needs are met, we create a more resilient, productive and innovative workforce that is well positioned for the future.

Helping Hands

Completely supported by employee contributions, Helping Hands provides financial assistance to team members in times of personal hardship. Enrolled employees donate \$2 per paycheck, which is then disbursed to applicants confidentially after review by an anonymous committee. In 2021, \$29,070 was disbursed.



Our Wellness program addresses critical issues that affect employees' overall well-being - physical, financial, mental, and social health. Our commitment is to provide a benefits package and educational resources to sustain long-term health, and build wealth and security. This supports our goal to attract new hires and retain existing talent.

- · Follow all CDC guidelines to mitigate the risk of COVID-19 for employees
- Offer two medical plan options that are partially paid by the company, as well as a Flexible Spending Account (FSA)
- Provide company-paid life insurance and workers' compensation insurance
- · Offer access to other insurance benefits, including dental and long-term disability

- Returned to hosting a variety of in-person social gatherings, including cookouts, lunch walks, and holiday parties, while continuing to facilitate remote gettogethers
- Provided employees with 1 floating holiday in 2021 and 3 in 2022
- Launched Workvivo, a communications platform to connect employees across our organization
- Recognized employee milestone tenure with gifts and awards
- Executed a 2021 season of employee appreciation, which included employee recognition, gift-card and prize giveaways, and holiday gifts



Participating Employees





2023





Wellness Snapshot



Mental

- · Provide access to mental health providers 24/7 through our medical providers, free of charge
- Gifted all employees 1 extra mental health paid day off in 2021 to recharge and relax
- Recognized Mental Health Awareness Month in May 2022 by providing weekly tips and resources
- Share wellness information every Wednesday on Workvivo

Financial

- Provide a 401(k) matching program with 80% of active employees contributing; average deferral is +6.5% of pay in 2021
- Distributed a 2022 spring/summer advance bonus payment against our annual fall bonuses
- Conduct annual employee reviews and approve pay raises for eligible employees
- Award employees annual profit sharing

SOCIAL

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house build in

Warren County.

In-Kind Donations One of our longest-In 2021, employees voted to continue our support of the running in-kind Gary Sinise Foundation servicing our military, veterans, first donation campaigns is responders and their families through programming and to Habitat for Humanity education. We have committed to increasing our annual in New Jersey. Every year for the past decade, we have donated all of the Conservancy, whose mission it is to ensure the survival of electrical wiring for a

In 2021, we made a commitment to improve our charitable donation tracking, and to ultimately grow our contribution to 2% of net profit. We have implemented systems to better track our monetary and in-kind contributions and are working to meet our goal.

> The war in Ukraine shifted our focus to the world stage with several donations to international relief organizations serving the displaced, including: UN Refugee Agency, Save the Children, World Central Kitchen, Ukrainian National Women's League of America, Inc. and United Sikhs.

Emergency Relief

In the U.S., our 2021-2022 emergency relief donations have included: Feeding America, American Red Cross Northeast Hurricane Relief Fund, and Global Giving Midwest Tornado Relief.

Building on our established partnership, we will celebrate our 100th Anniversary in 2023 by granting 100 wishes for children with critical illness both here and abroad. We have learned from our previous wish journeys that when a wish comes true, it creates strength, hope and transformation in a child – and a community.



In-Kind Misc. \$8.337 \$17,150

2021 Charitable Donations

Supporting our communities is foundational in fulfilling our Core Values.

Philanthropy



2021 and 2022 (CY2Q) Charitable Donations





Corporate Philanthropies

donation by 150% in direct aid and in-kind donations.

We are also a long-time supporter of the Sea Turtle

sea turtles, and Make-A-Wish International, which fulfills

the wishes of children with critical illness.

Make-A-Wish. INTERNATIONAL

Make-A-Wish International

Meet Lady Jayne

Expanding our almost decade-long partnership with the Sea Turtle Conservancy, we now stock sea turtle friendly lighting on turtle.com. These lights play a critical role in the survival of hatchlings that can become disoriented while trying to find their way to the water's safety.



Helping a Hero

We are providing funds to support a home build for U.S. Army Capt. (Ret.) Leslie Smith through the Gary Sinise Foundation RISE program which helps restore independence for wounded service members. Smith spoke about her experiences during a Turtle town hall meeting honoring Veteran's Day. Our partnership expanded in 2022 to include in-kind donations of lighting controls for two home builds.

Quick Links 🔶

Turtle & Hughes Philanthropy Make-A-Wish International Gary Sinise Foundation Sea Turtle Conservancy Tour de Turtles Sea Turtle Friendly Lighting

GOVERNANCE

Trust, Goodwill and Accountability

A strong governance program is a key to a successful overarching ESG strategy by leaning into policies promoting transparency and fair leadership.

In 2021, Turtle began to benchmark key areas of growth. By identifying both strengths and areas of improvement, we position ourselves to continue making positive improvements in both the short- and long-term strategic goals.







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Leadership

GOVERNANCE



URTLE 5 HUGHES ESG REPORT 2022



Ethics & Compliance

Our teams know that "doing the right thing" is the Turtle way.

In 2021, we advanced our culture of Ethics and Compliance in two ways:

- 1. With input from an employee survey, we signage for all of our locations as a visual highest priorities, deeply held beliefs, and Turtle.
- open and honest conversations among

Ethics and compliance are engrained into our everyday culture. However, we understand that in today's world, stress can play a role in potentially compromising company ethics. Internal communications regarding compliance policies are distributed regularly and we added new stress-related courses to our training platform.



updated our Core Values and provided new reminder of how our Core Values represent our fundamental driving forces. They are the heart of

2. Our Ethics and Compliance "hotline" line was rebranded as an "advice" line to encourage employees who may be unsure if a situation could compromise our integrity – not just to report incidents that have already occurred.



Leadership



Jayne Millard Executive Chairman of the Board

With a vision for continued growth and innovation, family leadership has led a strategy to build a diverse Board of independent experts. Each member contributes a distinct skill set as long-time leaders in their fields, bringing outside experience to their board leadership roles, and ensuring Turtle is held to the highest public and private sector standards of excellence in governance.

As Executive Chairman of the Board and an active full-time member of the Turtle Executive Committee setting the strategic vision for the company, Jayne Millard, the fourth generation of family leadership, is committed to an open dialogue between Board members and the company's Executive Committee to work through issues confronting the company.

Independent Board of Directors



The Honorable Governor Donald DeFrancesco, who served New Jersey for 25 years in a variety of key leadership roles from the President of the New Jersey State Senate, to the 51st Governor of the State of New Jersey, serving in the immediate aftermath of the terrorist attacks of September 11, 2001. He chairs the Governance Committee.



Fred DeSanti has been a vital resource in compensation issues in a competitive employment environment. His 36-year career at PSE&G, Harvard MBA, and 15 years as a consultant have endowed him with valuable and comprehensive expertise in electrical engineering, business and energy and public policy. He chairs the Talent Development (Compensation) Committee.



Beverly Jennings, former Head of Global Supplier Diversity at Johnson & Johnson, with more than three decades at the company, is a nationally-recognized leader in DEI and supplier diversity strategies. She is Advisor and former Vice Chair of the Billion Dollar Roundtable, a nonprofit of companies spending more than \$1-billion or more annually with diverse suppliers.



Raj Rao serves as General Manager, IBM Food Trust, the world's only enterprise-class blockchain platform that is solely focused on enhancing the efficiency, safety and transparency of the global food supply chain. He previously served as CEO of Ford Mobility, leading the automotive giant's mobility business investments. He serves on the Board of 3M Foundation and is a F500 expert in intellectual property and IT. He chairs the Strategic Planning Committee.



URTLE 5 HUGHES ESG REPORT 2022

Kathryn Swintek chairs the Audit Committee drawing upon her professional role as Managing Director and Chair of the Investment Committee at the Golden Seeds Fund 2, an earlystage VP fund investing in women in health care and ecommerce, and 20 years in senior U.S. and global roles at BNP Paribas.

In Fall 2022, our plans include expanding the board.



Managing Risk

The Audit Committee, led by long-time Board member Kathryn Swintek, meets four times a year. It oversees the Internal Audit department together with the CEO, helping to ensure that internal controls are tested on a risk-based basis and under a three-year Internal Audit Plan. Its charter includes oversight of the external auditors and monitoring of the company's risk identification, control, and mitigation. A Board scope review is conducted annually and covers financial risk, HR policies, recruitment, training, safety, work stoppage, competition risk, and other.



GOVERNANCE

Executive Committee



Kathleen Shanahan Chief Executive Officer



Luis Valls President Electrical Distribution



Scott West President Integrated Supply



Kevin Doyle Chief Operating Officer



Chris Rausch Chief Financial Officer



David Magee Chief Information Security Officer/ Chief Technology Officer



Michael Mateiek General Counsel

Cybersecurity

With increased Cyber activity globally, we have delivered on our 2021 goal to hire a full-time CISO, David Magee, and expanded our Cyber team to increase responsiveness to any possible event that could impact our ability to service our customers securely.

We are currently in the second year of a three-year Cyber Development Plan that focuses on our operational model with a heightened awareness of improving our tools. The ultimate goal is ISO27001 accreditation in 2023. As we continue on that journey, we are developing a complete inventory of 14 Cyber policies required for ISO, and implementing a 3rd party vendor assessment program for technology partners to vet/screen and measure our partner's ability to support and provide Turtle services while maintaining industry-expected security standards. We will also develop a Cybersecurity service offering for our customers launching by 2023.



The Journey to ISO Accreditation

| TECHNOLOGY IMPROVEMENTS | Implication Devection capa Implication Implicati |
|-----------------------------|--|
| PROCESS IMPROVEMENTS | Onb I Impl ISO Devo Reg impl 0 |
| IN-PROGRESS IMPROVEMENTS | Revi accr Vend |





- roved user security through deployment of SSO and MFA
- eloped improved Disaster Recovery services through Cloud services, including BCP abilities
- lemented Cyber Security Operations Center
- Deployed AI/ML based Endpoint security and EDR capabilities
- Implemented a Cloud hosted SIEM for centralized event logging and event management Dedicated SOC team and Cyber Response personnel
- lemented a 3-tier data backup strategy leveraging Cloud services, including immutability ackups
- oarded a full-time CISO responsible for all Cyber operations and oversight
- Implemented a Cyber Council cross-functional Leadership team focused on risk awareness and management activities
- Improved transparency and reporting of key Cyber metrics to Board
- Monthly reporting of key statistics to Executive Team
- lemented a third-party vendor risk program to assess key technology partners against and CIS standards
- eloped formal Cyber incident and event management practices
- ular vendor professional services engagements to evaluate and provide process
- rovements to the respective technologies
- Completed to date:
- Endpoint security AV and EDR (through vendor)
- Endpoint management (through vendor)
- Cloud email security (through vendor)
- Firewalls and Edge Security (through a reseller engagement)
- O365 (through a reseller engagement)
- iew and development of all corporate policies to align with ISO27002, for ISO 27001 reditation
- dor gap assessment in regard to alignment with ISO27001

Industry Recognition

The Turtle & Hughes Board of Directors was named the 2023 New Jersey Private Company Board of the Year by the New Jersey chapter of the National Association of Corporate Directors (NACD). The award recognizes the accomplishments of our independent board members in guiding Turtle leadership and in demonstrating excellence in governance.

Jayne Millard, Executive Chairman, joined the Industrial Supply Association's (ISA) Board of Directors, a group of elected leaders dedicated to furthering the causes of ISA's member companies. Jayne was also formally inducted into the Women's Business Enterprise (WBE) Hall of Fame, recognizing women's achievements in their industries.

Kathleen Shanahan, CEO, joined the National Association of Corporate Directors (NACD) as a member of the Florida chapter board. NACD is a nonprofit member organization for corporate directors to grow their network and business potential.

Luis Valls, President Electrical Division, was selected by Crain's New York Business as a 2022 Notable Hispanic Leader for his contributions and influence in progressing and supporting the New York City business community.

Billy Wresch, Senior Vice President, was appointed to the Affiliated Distributors (AD) U.S. Electrical Division Board, where he serves on the Governance Committee. As a member of AD, a buying group representing 845 members, Turtle has access to over 6.3 million SKUs and can compete with larger companies while remaining an independent distributor.

Joseph Kay, Transit Department, was accepted as a full member with voting rights to the American Railway Engineering and Maintenance-of-Way Association (AREMA). AREMA's mission is the development and advancement of technical and practical knowledge and recommended practices pertaining to the design, construction, and maintenance of railway infrastructure.

Quick Links

ISA WBE NACD AD AREMA



NACD, Florida Chapter

2022 Notable Hispanic Leader Crain's New York Business

Board of the Year

NACD, New Jersey Chapter

Hall of Fame

WBE

Board Member

>**}}}}{{{{**

Board Member AD U.S. Electrical Division

Full Member ARFMA)}})L{{{{{{{}}}} **Ecovadis**

Ecovadis, founded in 2007, is the world's largest platform providing sustainability ratings, featuring over 90,000 rated companies on its global network. We utilize Ecovadis to receive ESG ratings and share our progress with customers, suppliers, and other industry constituents. We complete the Ecovadis survey biannually, receiving a score and a detailed plan for improving our current practices.

Quick Links Ecovadis







In 2021, we scored a 56 on our assessment, placing us in the 73rd percentile and earning a silver rating. As of August 5, 2022, we share our score with 51 different companies who are interested in seeing our ESG progression. Our goal is to achieve a gold rating, indicating that we are implementing important ESG policies at a high rate of success.

ADP Upgrade

This year, we expanded our Human Management System (HCM) capabilities through ADP. With a significant program upgrade, we have digitized the entire recruitment and onboarding processes. We have also created more opportunities for employee self-service, giving our team members improved autonomy in their employment.



To further connect our employees with their fellow team members and leaders, we are in the process of rolling out ADP's StandOut program. StandOut is a platform designed to personify the unique strengths of each employee and drive engagement through regular targeted check-ins and surveys.

Our investment in the ADP upgrade and StandOut software will lead to a more connected, engaged and productive workforce.

ADP Upgrade Details

- ADP Recruitment and Onboarding processes are completely virtual
- ADP is now fully paperless
- Items such as direct deposit, tax information, updating dependents, identifying beneficiaries, changing life statuses for benefits, etc. are now self-service for employees and new hires

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- · ADP Recruitment Module now posts currently available positions automatically to job sites such as LinkedIn and Zip Recruiter
- "Compensation Management Module" available to be used to calculate merit raises for employees. including allocating new budget and automatically updating the employee database upon CFO approval
- Some of the other modules that we have are:
 - Reporting & Analytics
 - Benchmarking
 - Performance Reviews
 - Surveys
 - Background screening
 - Learning Modules for employees, managers, and supervisors
 - Desktop or Mobile clocking in and out
 - Online career center
 - Employee time off request



GOVERNANCE

2023 Focus & Plans

ENVIRONMENTAL





By spring 2023. optimization

supply base by 20%



THANK YOU

We would like to thank you for taking time to read through this report. We will continue to strive to offer best-in-class service with the three pillars of ESG and sustainability in mind. We appreciate any questions or feedback you may have.

For further inquiries, please visit us at one of our branches or contact one of our representatives listed below:



Contacts

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DISCLAIMER: Most of the data used in this report was gathered from various internal resources at Turtle & Hughes and was neither collected nor verified by an accredited third-party source. Some data may have been estimated and may not reflect exact measurements.





Bridgewater

NEW YORK

Newburgh

CONNECTICUT Milford

MASSACHUSETTS Stoughton

PENNSYLVANIA Warminster

375 Constance Drive, Warminster, PA 18974 Phone: 215.302.7800

| NEW JERSEY | CALIFORNIA |
|---|--|
| | Huntington Beach |
| 1900 Lower Road, Linden, NJ 07036 | 15312 Connector Lane, Huntington Beach, CA 92649 |
| Phone: 732.574.3600 | Phone: 714.379.6653 (Commercial Customers) Phone: 562.435.3451 (Industrial Customers) |
| Bridgewater | Filone. 302.433.3431 (industrial Oustomers) |
| 188 Foothill Road, Bridgewater, NJ 08807 | Los Angeles |
| Phone: 732.560.5575 | 2585 East Olympic Blvd., Los Angeles, CA 90023 |
| | Phone: 323.268.8411 |
| Pleasantville | |
| 825 Mill Road, Unit #6, Pleasantville, NJ 08232 | LOUISIANA |
| Phone: 609.407.1950 | Geismar |
| | 6087 Commerce Pointe Drive, Geismar, LA 70734 |
| NEW YORK | Phone: 225.744.4503 |
| Hauppauge | |
| 1000 Prime Place, Hauppauge, NY 11788 | TEXAS |
| Phone: 877.324.4242 | Deer Park |
| Manhattan | 2802 E. 13th Street, La Porte, TX 77571 |
| Manhattan | Phone: 713.230.5276 |
| 110 West 30th Street, New York, NY 11385 Phone: 718.941.4890 | Port Lavaca |
| Thone. 710.941.4090 | 2177 North Highway 35, Port Lavaca, TX 77979 |
| Newburgh | Phone: 361.482.0101 |
| 700 Corporate Boulevard, Newburgh, NY 12550 | |
| Phone: 877.324.4242 | |
| | |
| CONNECTICUT | Distribution Center |
| Milford | 13 Jensen Drive, Somerset, NJ 08863 |
| 165 Pepes Farm Road, Milford, CT 06460 | Phone: 732.412.3001 |
| Phone: 203.497.150 | Turtle & Uuches Internated Complet Used montene |
| MACCAOUNCETTO | Turtle & Hughes Integrated Supply Headquarters 1900 Lower Road, Linden, NJ 07036 |
| MASSACHUSETTS | Phone: 732.574.3600 |
| Stoughton 1053 Turnpike St., Stoughton, MA 02072 | THONE. 702.074.0000 |
| Phone: 617.983.9920 | TSI Turtle Services – Technology Center |
| | 6 West Church Street, Jamesburg, NJ 08831 |
| PENNSYLVANIA | Phone: 732.656.0056 |