SIGMA®
ENGINEERED SOLUTIONS

ANNUAL ESG REPORT

2026



TABLE OF CONTENTS

3 Message from the CEO

4 About Sigma Engineered Solutions®

5 Sustainability Strategy

10 Environmental

15 Social

21 Governance

24 Sustainability Indicators

About This ESG Report

This report outlines Sigma Engineered Solutions' progress, priorities and performance across environmental, social, and governance (ESG) topics for Fiscal Year 2026 (FY26) spanning 4/1/2025 through 3/31/2026.

Over the course of FY26, Sigma continued to shift ESG from a collection of isolated initiatives toward full integration into our operating model. This report paints a comprehensive picture of the steps we have taken to further environmental stewardship, strengthen worker safety and reinforce ethical and governance practices across our global operations.

The report captures updated quantitative metrics, supporting qualitative context and forward-looking priorities across our operations in India and North America.

Message From CEO Brad Ward



When Sigma Engineered Solutions published our first ESG report two years ago, I described it as the start of a journey. We were laying the foundations to be a more responsible steward to our team members, our communities and our business. Two years on, I am proud of how far that journey has taken us.

In this, our third ESG report, the story is one of integration. What began as a set of separate initiatives has become part of how we run Sigma every day. Sustainability is increasingly built into how we operate, make decisions and plan for the years to come.

I remain especially proud of the culture our people have built around safety. That progress is the product of tenacious, thoughtful work by teams across all our sites, and it speaks to what Sigma is capable of when we set our minds to a goal.

We know there is more to do. To everyone on the Sigma team, and to the customers and partners who support and challenge us to lead responsibly, thank you. Together, we will keep raising the bar and building a more sustainable, resilient and responsible Sigma for the generations who follow.



Brad Ward

President & Chief Executive Officer

Sigma Engineered Solutions

About Sigma

Sigma Engineered Solutions, headquartered in Garner, North Carolina, operates as a global champion in the design, manufacture, sourcing and delivery of complex metal components that enhance high-quality products worldwide.

Founded in 1982, the company has evolved from a single manufacturing location in India into a global platform. We now operate 13 manufacturing facilities across the United States, India and Mexico, with sourcing capabilities in Asia.

Sigma's vertically integrated operating model is driven by a U. S.-based warehouse and strong emphasis on partnership and execution. This allows the company to combine the efficiencies of global manufacturing scale with the speed, reliability and responsiveness expected from a domestic partner.



OUR VISION

To be the global partner of choice by exceeding customer expectations

OUR MISSION

To create value for our customers as a trusted partner by delivering world class product solutions

AT SIGMA WE VALUE PEOPLE WHO

- Have exemplary **honesty** and **integrity**
- Are **customer focused**
- Strive for **continuous improvement** in all they do
- Are **courageous** and **trustworthy**
- Are committed to **teamwork**
- Are **socially** and **environmentally responsible**
- **Act proactively** in the best interest of all stakeholders

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Sustainability at Sigma



ESG Oversight

Sigma upholds a strong commitment to governance and accountability across all operations. Our Executive Leadership Team, in collaboration with the Board of Directors, is responsible for overseeing governance activities to ensure integrity, transparency and responsible management. As part of this commitment, corporate social responsibility (CSR) is embedded in our mission and values.

CSR Committee

We have established a structured CSR program supported by a **formal policy**, a dedicated committee and a support team focused on community impact.

The CSR Committee oversees execution, monitoring and reporting, providing quarterly updates to the Board. The Committee prepares an annual report included in the company's financial statements to ensure transparency, accountability and accordance with Sigma's CSR principles:

I. Responsibility towards society

II. Responsibility towards precious natural resources

III. Duty to help the disadvantaged

IV. Contribute to institutions helping people in education and awareness about health and safety



Brad Ward
President/CEO



Nathan Bennett
Chief Financial Officer



Neville Kharas
Chief Commercial Officer



Niteen Inamdar
Chief Operating Officer



Dan Johnson
Chief Human Resources Officer



Michael Wandera
Chief Information Officer



Justin Smith
VP & General Manager Sourcing



Ashutosh Athalye
Sr Vice President Business Development

Sustainability Strategy

In 2024, we established our foundation for an integrated sustainability approach by consolidating environmental, social and governance metrics into a unified reporting structure. With support from Malk Partners, this materiality assessment informed the development of Sigma's ESG roadmap. 2025 saw Sigma focused on embedding this roadmap into operations, rolling out consistent practices across sites, refining metrics and strengthening accountability. These efforts reflect meaningful progress toward integrating ESG into Sigma's operating model and advancing our role as a responsible partner.

As Sigma looks ahead, the company continues to focus on strengthening measurement, transparency and value creation. Key environmental efforts include advancing energy efficiency and renewable energy adoption. Sigma also plans to continue investing in supplier oversight, workforce safety and employee development. Together, these initiatives will further operationalize ESG integration and position ESG as a driver of long-term resilience and performance.

Material Topics

Sigma continues to prioritize the material sustainability topics identified in our 2024 materiality assessment, integrating these into operational planning, risk management and performance tracking.

The company's focus areas include **employee health and safety, labor practices, supply chain management, product quality and safety, energy management, greenhouse gas emissions, water and wastewater management, raw material sourcing and efficiency** and **hazardous waste management**. Ongoing prioritization ensures material risks and value creation opportunities are actively managed across the business.



Sustainability Roadmap

Sigma's sustainability strategy is guided by a structured ESG roadmap that balances our **short, medium and long-term priorities** and is reviewed quarterly by our Corporate Social Responsibility Committee.

Remarks	
Completed and ongoing	
Initiated and on track	
Not initiated	
Not yet tracked	

How to Read This Chart



Left half = Jul-25 (FY25 baseline)
Right half = Mar-26 (current FY26)

ESG Roadmap	Status FY25 → FY26			
Short Term	**Sigma**	**India**	**USA**	**Mexico**
Formalization of Baseline Emissions Inventory				
Third-party Verification of Emission Inventory				
Expand Environmental Performance Tracking and Target Setting				
Formalization of Supplier Code of Conduct				
Integrate ESG into Supplier Management Program				
Introduce Stay Interviews				
Introduce Robust Engagement Surveys				
Track Outcomes of People Development Initiatives				
Establish Corporate CSR Committee Processes				
Publish Annual ESG Report				

FY26 marked a year of substantial advancement across Sigma's ESG roadmap. **Baseline Scope 1 and 2 emissions inventories, Supplier Code of Conduct, environmental performance tracking, and a full employee engagement program** – stay interviews, engagement surveys and people development outcome tracking – are now completed and ongoing at all operating sites.

Our corporate ESG function came online during the year, with the **CSR Committee, Annual Report and Board-level oversight all established**. India continues to lead on our medium-term goals, including early advances on emission-reduction goals and supplier audits. **A core remaining priority is third-party verification of emissions data**, which will be a central focus alongside site-level reduction targets, supplier audits, and company-wide EcoVadis certification, as well as continuous improvement more broadly.

ESG Roadmap	Status FY25 → FY26			
Medium Term	**Sigma**	**India**	**USA**	**Mexico**
Emissions Reductions Targets Evaluated and Set				
Benchmark KPIs YoY and Adjust Targets				
Include ESG Items in Supplier Audits				
Conduct Supply Chain Mapping Exercise				
Annual Engagement Surveys				
Integrate ESG Oversight at the Board Level				

ESG Roadmap	Status FY25 → FY26			
Long Term	**Sigma**	**India**	**USA**	**Mexico**
Annual Tracking and Reporting				
Pursue EcoVadis Certification				
Integrate ESG into Executive Compensation				

Environmental

ENVIRONMENTAL STEWARDSHIP COMMITMENT STATEMENT

At Sigma, we recognize that our operations have environmental impacts and take responsibility for understanding and mitigating those impacts as part of our commitment to responsible corporate citizenship. We are dedicated to environmental stewardship across our operations and value chain, supporting surrounding communities while maintaining a global focus on reducing impacts to the planet.

Minimizing the environmental footprint of our operations – including energy use, greenhouse gas emissions, material consumption and waste generation – is a strategic priority for Sigma. Reducing energy intensity is central to this effort, both to meet customer expectations and to support their decarbonization objectives. Sigma works with customers to collectively contribute to the transition to a low-carbon economy. We track a comprehensive set of environmental metrics, including our Sustainability Score, and conduct regular environmental assessments and audits to inform priorities and refine key performance indicators.

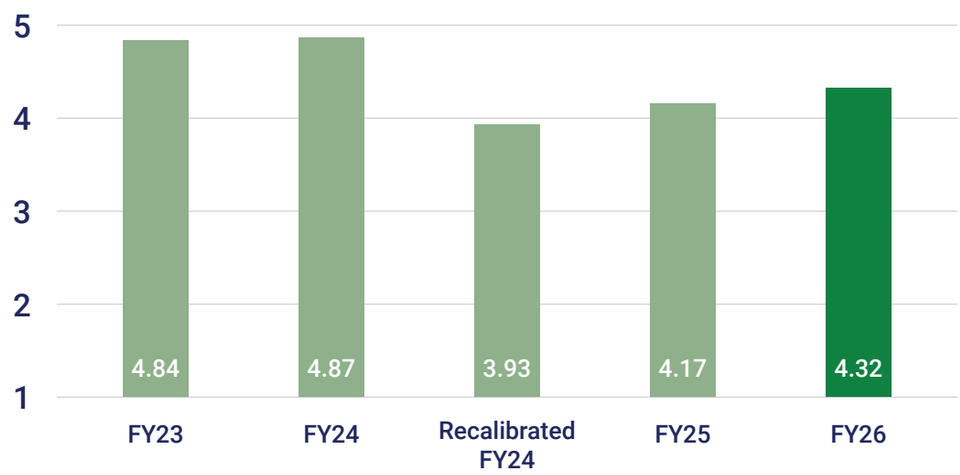
Beyond our direct operations, Sigma is committed to responsible sourcing across our materials supply chain. We strive to source raw materials from suppliers aligned with industry best practices and fair labor standards, while maintaining zero tolerance for forced or child labor, and working with suppliers to strengthen environmental and labor standards. These expectations are formalized through our supply chain code of conduct and supported by procurement oversight, reinforcing Sigma's commitment to ethical and resilient supply chains.



Sustainability Score

Sigma uses a Sustainability Score to monitor overall environmental performance across its operations.

For FY26, Sigma's Sustainability Score is reported as **4.32**, compared to a FY25 score of **4.17**, a year-over-year improvement of **+3.6%**.



Sustainability Score baseline of FY24 was recalibrated to 3.93 with 12 new sustainability parameters added

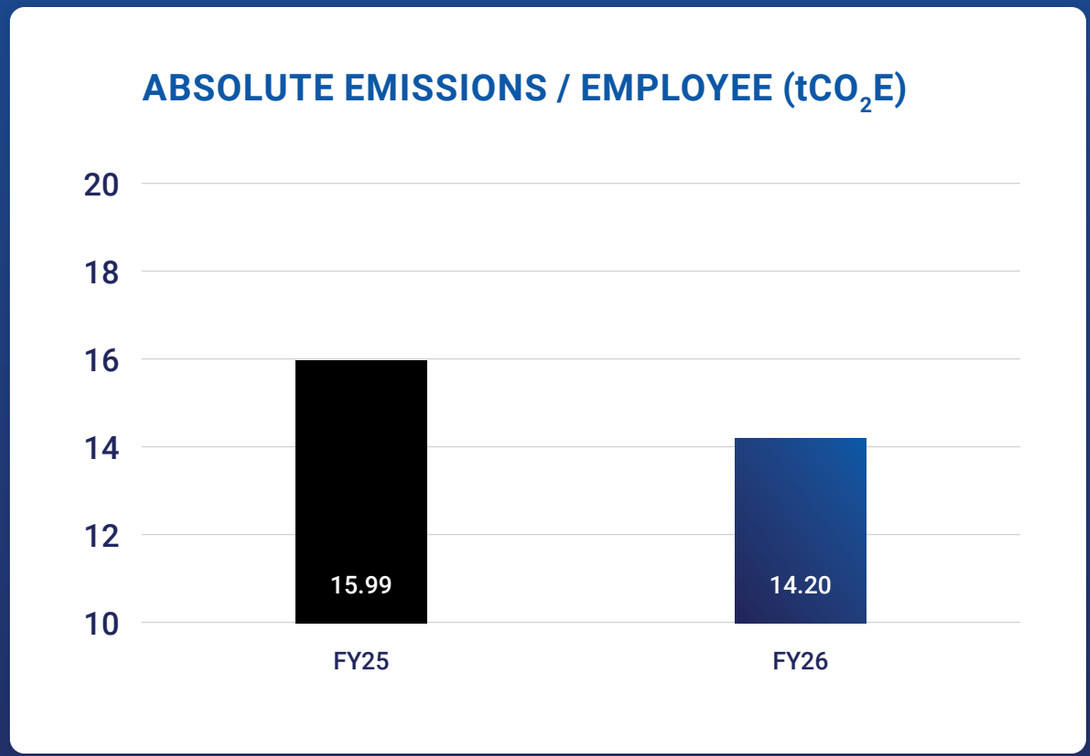
Greenhouse Gas Emissions

During FY26, Sigma continued to monitor and manage greenhouse gas (GHG) emissions as production volumes and product mix evolved in response to customer demand. FY26 total emissions were 68,539 tCO_2e, down 4.7% YoY from 71,954 tCO_2e in FY25.

Change by facility in tCO_2e:

- **India:** 54,220 increased to 56,567 (+4.3%)
- **Mexico:** 3,681 increased to 3,794 (+3.1%)
- **York:** 13,856 decreased to 7,839 (–43.4%)
- **Garner:** 197 increased to 339 (+72.1%)

Improvements in our York facility can be attributed to shift consolidation and refined facility and equipment shutdown processes. In response to broader emissions trends, Sigma is advancing its climate strategy through energy efficiency, including efforts to reduce energy intensity through process optimization and targeted investments in energy-efficient infrastructure.



Water Management

Water is a key input to Sigma's operations and a core focus of our environmental management approach. During FY26, Sigma continued efforts to optimize water use across facilities, supporting efficient production and responsible resource stewardship.

Domestic water consumption was **0.997 KL per person per month**, versus **1.14 KL** the prior year, reflecting a year-over-year change of -**12.5%**. Installation of a mechanical vapor re-compressor at our VKI plant in Jaipur to recover wastewater helped increase our water recycling rate to **85%** in FY26, compared to **78%** in the prior year.

7% increase in water recycling rate to **85%** from 78% the prior year

These positive changes can also be attributed to recent reporting enhancements to increase data accuracy, an area where Sigma aims to gain further momentum in the coming year.

Waste Management

Sigma continues to prioritize reducing both hazardous and non-hazardous waste sent to landfill through its waste management program. Sigma executed our commitment to minimizing waste in FY26, including our non-hazardous and hazardous waste, while the overall waste recycling rate remained relatively stable (+3%) YoY.

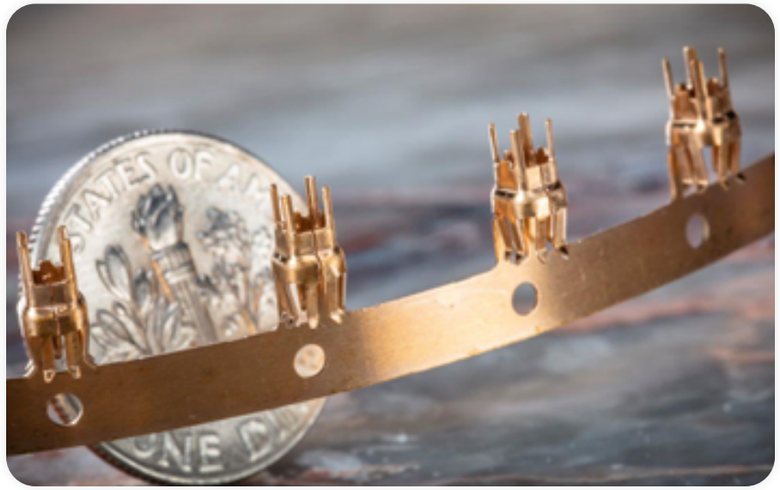
Progress is supported by responsible waste handling practices, on-site waste treatment systems, and partnerships with certified third-party vendors to ensure compliant documentation and end-of-life disposal. Through these efforts, Sigma continues to reduce our environmental footprint and advance circular operations.

Material Conservation

At Sigma, minimizing the consumption of natural resources remains a core element of our sustainability strategy. During FY26, consumable usage per unit of production was **$0.187 per kilogram**, compared to **$0.193 per kilogram**, an improvement of **-3.1%** on the previous year. Sigma's robust yield improvement and material waste reduction program contributed to this improvement.

Sigma's India operations manufacture castings using recycled raw materials rather than virgin ores, supporting more efficient resource use and circular production practices. In FY26, recycled material accounted for **87%** of total raw material inputs, compared to **76%** in the year prior. Together, these efforts reflect Sigma's continued focus on reducing natural resource consumption while improving operational efficiency.

11%
increase in total recycled raw material inputs to **87%** from 76% the prior year



Sustainable Procurement

Sigma maintains structured procedures to promote consistent sustainability standards across its supply chain, focused on environmental, social and ethical performance. During FY26, Sigma continued on-site reviews and risk-based assessments of critical suppliers, evaluating regulatory compliance and Environmental Management System (EMS) practices. Suppliers are required to maintain valid pollution control board permits as a baseline expectation.

Sigma applies similar rigor to social and labor practices through direct assessments and works collaboratively with suppliers to address identified gaps. In FY26, third-party audits of key suppliers supporting India operations further strengthened oversight, alongside continued engagement with metal suppliers to improve visibility into Scope 1 and Scope 2 emissions. These efforts build on Sigma's Supplier Code of Conduct, reinforcing ESG expectations across the global value chain.

Social

At Sigma Engineered Solutions, we prioritize our people, a paramount element of our sustainability commitment. Our collaborative work culture features 5,000+ team members exhibiting passion and creativity for positively impacting the communities we serve. Our community initiatives include hosting STEM workshops for local students, organizing tree-planting drives and volunteering to clean up litter, among other initiatives. We support camaraderie and well-being amongst our internal team as well, through shared experiences like wellness challenges and professional development sessions.



Labor Compliance & Practices

Sigma has instituted workforce management programs designed to foster compliance with all applicable labor laws across our global facilities. We remain committed to upholding ethical standards and promoting a safe and inclusive working environment for all employees.

We uphold and respect human rights by strictly prohibiting both child and forced labor. We maintain comprehensive policies covering labor compliance topics such as compensation, wage and hour, and promotions. We apply age verification processes workforce-wide to reinforce this commitment.

Sigma regularly conducts external audits and assessments across our facilities to ensure labor compliance. These third-party analyses facilitate identification of improvement areas, which we remediate to align with our unwavering ethical standards. Our robust **Code of Conduct** mandates ethical and regulatory obligations for all employees and third-parties, underscoring our commitment to just workplace practices.



Professional Development

Our Learning Council spearheads leadership and development initiatives aligned with our dynamic workforce needs. Ongoing programs span behavioral and technical training, encompassing personalized e-learning modules and company-wide soft-skills workshops. Topics such as design thinking and stress management empower employees to thrive in our dynamic work environment.

Sigma trains employees during every stage of their professional development journeys, ranging from onboarding modules to leadership and skill-building exercises dependent upon tenure. We proactively identify high-potential personnel and support them via structured career paths and mentorship opportunities.

Complementing our internal training, we collaborate with leading organizations and academic institutions to offer third-party certifications and specialized learning experiences. Our multi-faceted professional development programming provides team members with universal access to growth opportunities, accelerating organizational excellence.



Employee Engagement

We view employee engagement as pivotal to our value proposition, leading to high service quality and customer satisfaction. To build a motivated and collaborative workforce, we invest in a wide range of engagement initiatives, including wellness resources, recognition programs, tuition support, and regular workforce communication. As a result of these efforts, for a second consecutive year Sigma was named a Best Place to Work in India and ranked among the Top 50 Manufacturing Companies in India.

We solicit employee feedback through various channels. The company conducts annual engagement surveys to identify areas of strength and improvement. Corporate teams review engagement survey findings, composing targeted action plans to enhance workplace satisfaction and minimize attrition. Examples in FY26 included Family Day celebrations, community outreach and career development support.

We track employee turnover metrics, highlighting our ability to retain top talent relative to peers. Sigma conducts exit interviews for voluntary leavers, aggregating key feedback related to the employee experience.

In FY26, Sigma achieved a company-wide average engagement survey response rate of **86%**, reflecting broad employee participation and meaningful review of employee feedback

Occupational Health & Safety

We prioritize employee safety as a foundational element of our operational strategy and ESG approach. Sigma maintains a comprehensive Safety, Health, Hygiene & Sustainability Manual, guiding safety practices such as incident investigation, regular training and in-depth audits. Our site-level Safety Officers and cross-functional safety committees oversee our health and safety programming, striving for continuous improvement towards measurable targets. An online portal allows employees to input safety suggestions, enhancing accountability beyond regular facility safety audits and risk assessments.



FY26 SAFETY HIGHLIGHTS

In FY26, we updated our Safety, Health, Hygiene & Sustainability Manual, detailing our structured corporate and site-level oversight, YoY safety KPI reporting and goals and employee training plan. The Manual also requires suppliers to update their plating process annually – a key safety practice strengthening operational efficiency while decreasing employee chemical exposure.

In pursuit of our FY26 safety goals, Sigma implemented an action plan to improve safety culture on our shop floors. We hosted toolbox talks for 100% of our India shop floor employees on handling tools, trolleys, materials and more. This action plan, coupled with new training videos, auditing protocols and danger exercises, resulted in Sigma exceeding our FY26 safety score target of 4.40 with a realized 4.56 score in India alongside:

24%
reduction in total recordable injury frequency rate

47%
reduction in injury severity rate

24%
reduction in total injuries

44%
reduction in days lost due to injury

Diversity, Equity & Inclusion

We comply with applicable international regulations governing anti-discrimination and harassment prevention, including India's POSH (Prevention of Sexual Harassment) Act and U.S. federal requirements. Sigma provides all employees anti-discrimination and harassment guidance via a company-wide Anti-Harassment and Discrimination Policy. In India, an Internal Complaints Committee (ICC) supports incident escalation and investigation, topics covered during annual POSH trainings. U.S. employees also receive anti-discrimination and harassment training. Sigma makes formal reporting mechanisms available across all facilities to encourage transparency and foster a safe environment.

We strive to cultivate feelings of belonging and inclusion across all organizational levels and facilities. Our recruitment efforts are designed to attract a diverse, high-quality talent pool. Ongoing diversity initiatives include observances for Women's Day, educational financial support for female employees and childcare (crèche) benefits in India.

Sigma plans to continue promoting workforce inclusion in the 2027 fiscal year.



Governance

Governance at Sigma encompasses corporate decision-making and risk management via designated frameworks and systemic practices. We leverage sound risk oversight to encourage ethical, transparent behavior across the company, supporting stakeholder confidence.

Sigma proactively manages compliance with anti-bribery regulations and sanctions across our global operations. As a provider of goods and services to the U.S. government, we align with elevated ethical expectations placed on our organization, especially regarding the prevention of facilitation payments and bribery.

We utilize a robust compliance framework aligned with diverse jurisdictional requirements, providing employees ethical guidance via policies and anonymous reporting mechanisms. These initiatives strengthen employee understanding of responsible interactions and available reporting channels.



Ethics & Compliance

We continuously assess regulatory compliance and ethical obligations across jurisdictions, updating our global policy suite accordingly.

Sigma ensures employees receive material guidance covering political engagements, government, third-party interactions and complying with sanctions and export control regulations for all Sigma products.

Our ethics and compliance policies include:



GENERAL CODE OF CONDUCT



ETHICAL BUSINESS PRACTICES POLICY



CONFLICTS OF INTEREST POLICY



PROTECTION OF COMPANY INFORMATION & INTELLECTUAL PROPERTY POLICY



WHISTLEBLOWER PROTECTION POLICY



ELECTRONIC RESOURCE ACCEPTABLE USE POLICY

Sigma provides multiple reporting mechanisms, including a whistleblower hotline, web portals and supervisor and HR channels, to ensure accountability. Employees can report through these channels anonymously and without retaliation, facilitating timely identification and resolution of compliance concerns.



Data Privacy & Cybersecurity

Led by our Chief Information Officer (CIO), Michael Wandera, Sigma executes a growth-oriented IT roadmap to enhance data protection and cybersecurity across all organizational levels. Key priorities include cross-facility system integration, compliance with regional data privacy requirements and thorough incident response protocols.

We proactively manage external cybersecurity risks by conducting annual internal and external penetration tests and a 24/7/365 managed detection and response system. We promote safe data handling practices amongst our team members via regular communications and training.

Sigma's Microsoft Secure Score is two times higher than similarly sized companies, underscoring the strength of our data protection controls.

Additionally, we maintain formal incident response resources to expedite effective responses to any cybersecurity threats or data breaches. During FY26, Sigma implemented multiple new cybersecurity controls aligned to CIS Controls v8, focused on identity security, data protection and AI governance.

These efforts reinforce Sigma's commitment to protecting sensitive information and preserving stakeholder trust.

2x higher **Microsoft Secure Score** than similarly sized companies

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Sustainability Indicators



Key Performance Metrics

ESG Category	KPI	FY24	FY25	FY26
Environmental	Scope 1 and 2 GHG Emissions (Total)	52,265	71,954	68,539
Environmental	Average Facility Sustainability Score	3.93	4.17	4.32*
Environmental	Water Recycling Rate	70.43%	78.14%	85.00%
Environmental	Hazardous Waste Generation per Unit of Production	0.032	0.029	0.032
Environmental	Overall Waste Recycling Rate	87.43%	91.0%	94.0%
Environmental	Share of Recycled Raw Material Content	-	76%	87%
Social	Total Recordable Injury Frequency Rate	-	-51% YoY	-24% YoY
Social	Average Facility Safety Score	4.83	4.30	4.56*
Social	Total EHS Training Hours	55,481	69,352	75,787
Social	Engagement Survey Response Rate	90.0%	89.9%	86.0%
Governance	Regulatory Compliance Rate	100%	100%	100%
Governance	Microsoft Secure Score (vs. Peers)	-	2x peer avg.	2x peer avg.
Governance	Suppliers Signed Supplier Code of Conduct	-	All key suppliers	80%

*Average facility score has historically tracked India operations only (95% of production)

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120 Sigma Drive, Garner, NC 27529

