



# Sustainability Report

## 2023

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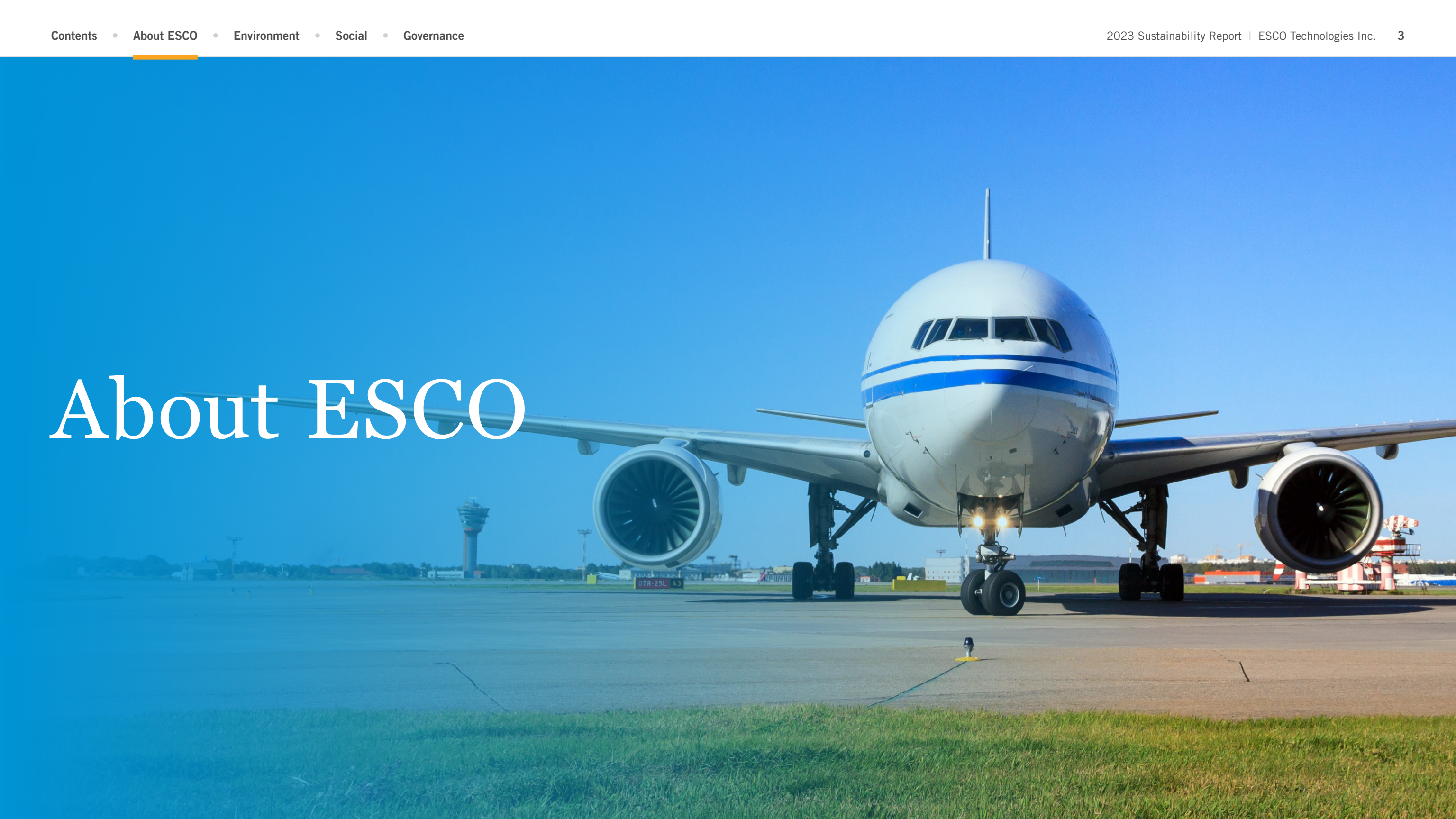
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# About ESCO



## A Message from Our CEO & President

2023 was a year of transition and opportunity at ESCO. ESCO delivered record-breaking financial results and increased profitability. Equally as important, 2023 was a year of momentous leadership transition and cultural advancement.

Our global team is united by a common purpose of providing highly engineered products and solutions that make the world more reliable, safe, and secure. Through our collaborative efforts, we seek to build high performance teams through a culture of integrity, collaboration, and purpose.

A vital part of ESCO's culture is our focus on our core value of integrity and its impact on our workplace. For our team, integrity is more than avoiding unethical behavior, it is also a call to positive action. We act with integrity by creating a culture that values honesty, by being transparent about our actions, by living up to our obligations,

and by providing leadership that supports these priorities. Our emphasis on integrity as a core value impacts all aspects of our business operations. It improves the service we provide to our customers, the safety of our workforce and the quality and innovation of our products.

This emphasis on integrity impacts our Sustainability program. The goals of our Sustainability program include making improvements to our environmental, workplace and governance practices in meaningful ways that address the key concerns of our stakeholders and transparently communicating our actions.

In 2023, we made advancements in many aspects of our Sustainability program. We heightened the independence of our Board of Directors by separating the roles of Board Chair and Chief Executive Officer. We continued to make improvements to our health and safety program, with facility audits designed to make our work environment safer for our employees. We are also pleased to report that our carbon intensity, a key sustainability metric we introduced last year, continued to improve in 2023 as our business operations expanded. We are pleased to provide information about these advancements and other developments to our program in this Report.



**Bryan Sayler**  
Chief Executive Officer and President



## About ESCO Technologies Inc.

We are:

- A global provider of highly engineered filtration and fluid control products and integrated propulsion systems for the aviation, navy, space and process markets worldwide, as well as composite-based products and solutions for navy, defense and industrial customers;
- An industry leader in radio frequency (RF) shielding and electromagnetic compatibility (EMC) test products; and
- A provider of diagnostic instruments, software and services for the benefit of the electric utility and renewable energy industries and industrial power users.

Our business is focused on generating predictable and profitable long-term growth through continued innovation and expansion of our product offerings across each of our business segments. We conduct our business through a number of wholly owned direct and indirect subsidiaries. Our corporate strategy is centered on a multi-segment approach designed to enhance the strength and sustainability of sales and earnings growth through highly-engineered products and solutions. Our stock is listed on the New York Stock Exchange, where its ticker symbol is “ESE”.

The following are only selected measures of Company performance. For complete financial information, please see the audited financial statements included in our 2023 Annual Report to Shareholders.

### ESCO 2023 HIGHLIGHTS

**Net Sales**

**\$956M**

**Net Earnings**

**\$92.5M**

**Diluted Earnings Per Share**

**\$3.58**

## About This Report

This Report provides information relating to our Sustainability program, which we define to include matters relating to environmental and social sustainability and corporate governance. This Report covers the annual period beginning October 1, 2022 and ending September 30, 2023 and select other updates since the end of that period. The section of this Report on our Environmental Footprint also provides information on the prior annual periods. This Report supplements the information on our corporate website. Our corporate website drives the disclosure of information on these topics and our efforts to transparently inform our stakeholders about company practices and strategies that impact sustainability. The information on our corporate website is incorporated into this Report and is available at [escotechnologies.com/corporatecitizenship/environmental-social-and-governance](https://escotechnologies.com/corporatecitizenship/environmental-social-and-governance).

In this Report, the terms “ESCO,” “we” and similar terms refer to ESCO Technologies Inc. and its subsidiaries.



# Environment

# Our Approach

We recognize the importance of managing the impact that our business operations have on the environment. We strive to go beyond meeting legal and regulatory requirements by promoting environmental management practices and sustainability in our businesses. We maintain an environmental, health and safety management system to mitigate risks. We seek to decrease our environmental footprint by pursuing strategies to reduce our overall consumption of resources and by measuring our progress.

Our strategy for reducing our carbon emissions includes increasing electrification and use of renewable sources of energy where it makes economic sense to our business. We track our environmental impact in several ways, including measuring greenhouse gas emissions, energy use and water consumption.

Our environmental programs are managed and implemented at our parent company headquarters as well as on a local basis. Our Board of Directors oversees risks relating to our business, including environmental risks such as climate change. At our company headquarters, we evaluate programs that will impact our operations and environmental footprint at our sites nationally and globally, and we collect data about our global environmental footprint. At the local level, our teams evaluate and implement projects that improve the sustainability of our operations at individual sites so that solutions can be tailored to local needs.

In 2023, we made progress towards addressing our environmental impact by increasing the efficiency of our operations and promoting sustainable business practices. Our carbon intensity, a key sustainability metric which measures carbon emitted per unit of revenue, continued to improve in 2023 as our business operations expanded. We conducted energy efficiency audits at three of our facilities. These audits identified lighting upgrades that, when implemented, are projected to reduce carbon emissions at those facilities by approximately 157.8 tons annually and provide significant annual cost savings. We also made significant progress in implementing our environmental management system to assist local personnel in complying with environmental regulations and to improve the safety of our operations, including compliance audits at multiple facilities.

Our environmental policy statement was adopted in 2022 and provides additional details on our environmental management strategies and systems. Our vendors and suppliers are required to conduct their businesses in accordance with ESCO's Environmental Policy and in full compliance with all applicable environmental laws and regulations. This requirement is implemented through our Vendor Code of Conduct.

## ESCO ENVIRONMENTAL POLICY STATEMENT

ESCO Technologies Inc. is committed to environmental compliance and reducing its environmental footprint. We believe in using resources more efficiently to reduce our environmental impact while also enhancing our financial performance.

We seek to decrease our environmental footprint by pursuing strategies to reduce our electricity usage, fuel usage and water consumption and by measuring our progress. We track our environmental impact in several ways, including measuring greenhouse gas emissions, carbon intensity, energy use and water consumption.

We also reduce our environmental impact due to our waste materials by:

- Ensuring all hazardous and chemical wastes from our operations are managed and disposed as per regional, state and federal regulatory guidelines and sent to appropriately licensed facilities for treatment.
- Working to reduce the quantity and toxicity of our hazardous and chemical wastes by reviewing our processes for opportunities for improvement and less toxic raw materials.
- Recycling waste materials whenever it is feasible and possible, and which can include the following materials: scrap metals, batteries, light bulbs, used electronics, paper, cardboard and plastics.

Our Sustainability Reports provide information about our Environmental Footprint for prior years and can be found on our website's Sustainability section.

# ESCO Environmental Footprint

This Report provides information about the electric, fuel and water usage of all locations owned, operated or leased by ESCO and its subsidiaries. For facilities such as small sales offices, usage was estimated. Ongoing changes to our owned and leased sites present challenges in accurately making year-to-year comparisons. Our number of active sites and total square footage fluctuates significantly as we relocate facilities, buy or sell businesses, or invest in new locations. For those facilities that were acquired or disposed of mid-period, we have included data for that portion of the period that ESCO owned or leased the facilities.

During the period for which data is reported in this Report, we acquired multiple businesses which have added to our environmental footprint. In October 2020, we acquired Advanced Technology Machining, Inc. and its affiliate TECC Grinding, Inc.; in July 2021, we acquired I.S.A Altanova Group S.r.l. and its affiliated companies; in August 2021 we acquired the assets of Phenix Technologies Inc.; in November 2021 we acquired Networks Electronic Company, LLC; and in February 2023 we acquired CMT Materials, LLC and its affiliate Engineered Syntactic Systems, LLC.

## Carbon Emissions and Intensity

We collect and report data on our two categories of greenhouse gas (GHG) emissions: Scope 1 emissions and Scope 2 emissions.

- Scope 1 emissions are direct GHG emissions that occur from sources we control or own. This includes emissions from our use of fuels at our facilities and fugitive emissions of refrigerants.
- Scope 2 emissions are indirect GHG emissions from our purchase of utilities, meaning electricity purchased and used by our owned and leased facilities.

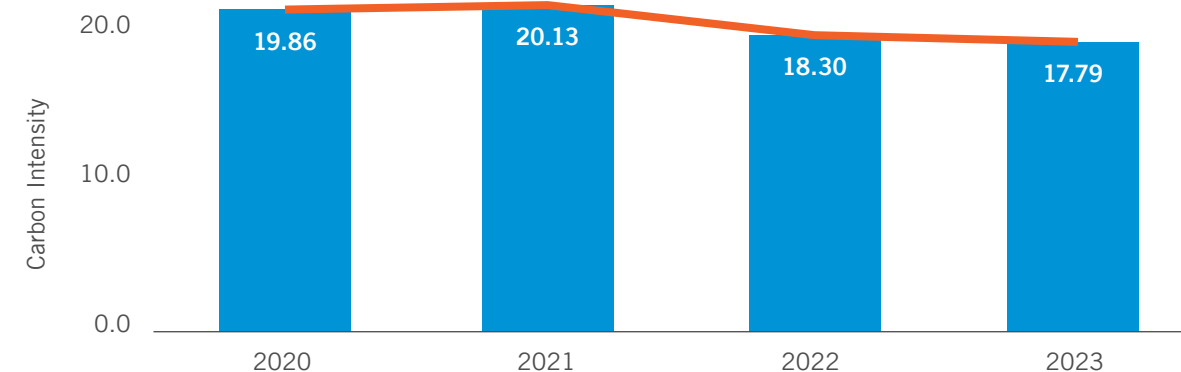
Carbon intensity is a metric which measures carbon emitted per unit of revenue. We use this metric as a method of measuring the efficiency of our business operations. Although our total Scope 1 and Scope 2 emissions have increased over the time period above due to business acquisitions and also increased business operations following the global pandemic, our carbon intensity factor has decreased over the same time period.

GHG EMISSIONS*	2020	2021	2022	2023
Scope 1 Emissions (MtCO <sub>2</sub> e)	4,675.09	4,068.27	4,694.78	5,534.66
Scope 2 Emissions (MtCO <sub>2</sub> e)	9,840.03	10,343.43	10,987.81	11,473.93
<b>Total GHG Emissions (MtCO<sub>2</sub>e)</b>	<b>14,515.12</b>	<b>14,411.71</b>	<b>15,682.59</b>	<b>17,008.59</b>

\* MtCO<sub>2</sub>e means metric tons of carbon dioxide equivalent.

## Carbon Intensity by Fiscal Year

■ Carbon Intensity ■ Carbon Intensity





# Carbon Emissions by Segment

We classify our business operations into three segments for financial reporting purposes, although for reporting certain financial information we treat Corporate activities as a separate segment. In this report, we are reporting our carbon emissions by segment as follows: Aerospace & Defense, Utility Solutions Group, RF Test and Measurement, and Corporate. The following tables provide information about our carbon emissions by segment for fiscal year 2022 and 2023. The increases in carbon emissions in 2023 compared to 2022 are attributed to our acquisitions noted on [page 8](#) and increased business activities at existing sites.

## Scope 1 Emissions by Segment (MtCO<sub>2</sub>e)

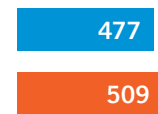
### Aerospace & Defense



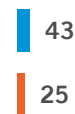
### RF Test & Measurement



### Utility Solutions Group



### Corporate



Year ■ 2022 ■ 2023

## Scope 2 Emissions by Segment (MtCO<sub>2</sub>e)

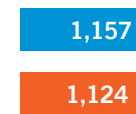
### Aerospace & Defense



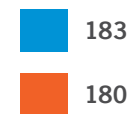
### RF Test & Measurement



### Utility Solutions Group



### Corporate



Year ■ 2022 ■ 2023

## Total GHG Emissions by Segment (MtCO<sub>2</sub>e)

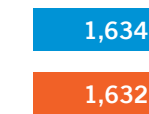
### Aerospace & Defense



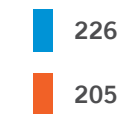
### RF Test & Measurement



### Utility Solutions Group



### Corporate

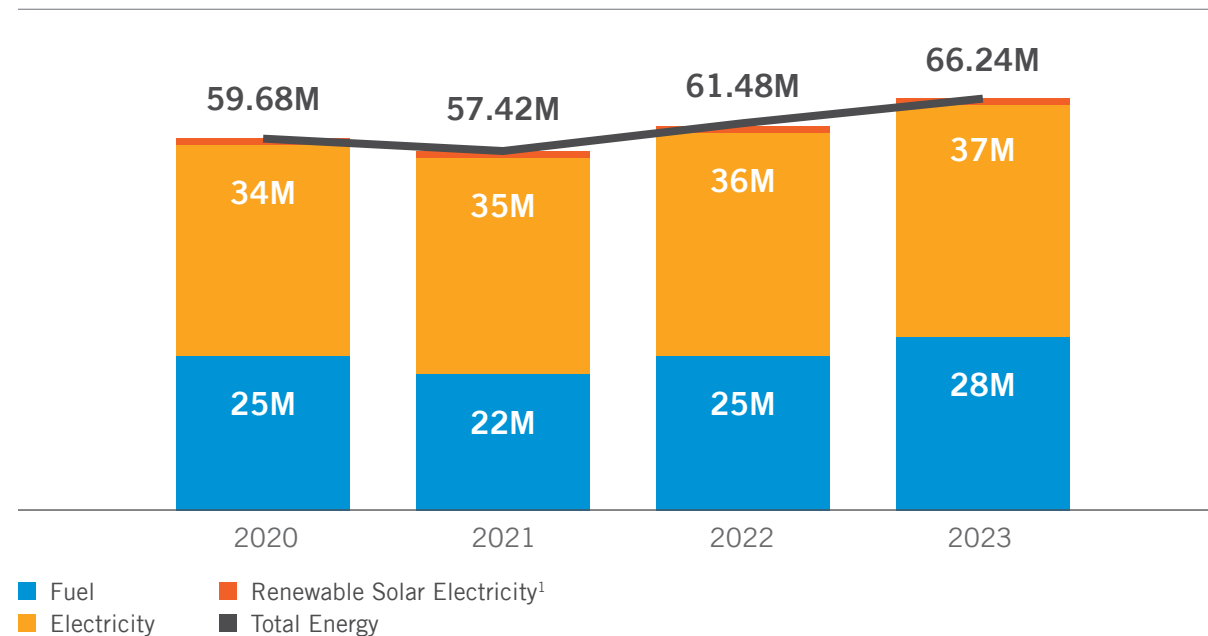


Year ■ 2022 ■ 2023

# Energy Use & Sources of Energy

The following chart and table provide information about our energy usage by source for fiscal years 2020, 2021, 2022 and 2023.

**Energy Usage by Type and Fiscal Year**



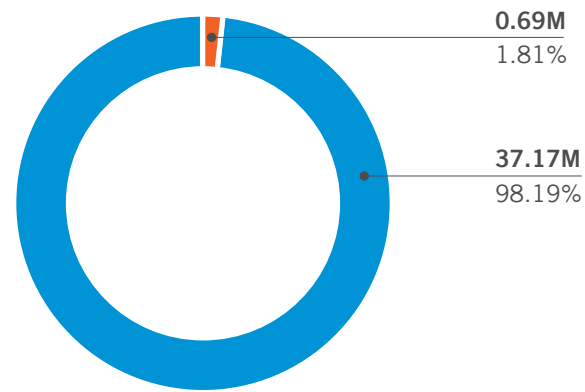
<sup>1</sup> Renewable Solar Electricity: Certain of our facilities have access to existing solar arrays that produce renewable energy used in facility operations.

Year	Renewable Solar Electricity (kWh)	Electricity from the Grid (kWh)	% Energy from Grid	Total Fuel (kWh)	Total Energy (kWh)
2020	549,141.80	33,898,884.02	56.80%	25,227,904.28	59,675,930.10
2021	477,959.79	34,573,092.57	60.21%	22,371,479.89	57,422,532.24
2022	718,893.35	35,689,393.22	58.05%	25,070,893.45	61,479,180.02
2023	687,061.30	37,170,871.28	56.11%	28,382,795.96	66,240,728.52

## ENERGY USE & SOURCES OF ENERGY *Continued*

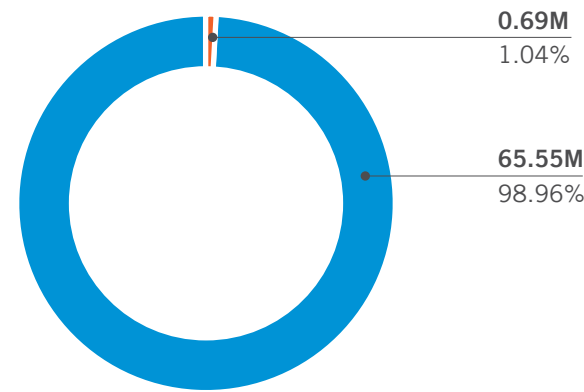
The following provides additional information about our use and production of renewable energy (solar) and the sources of our energy use by segment and year.

### Percent Renewable Solar Electricity of Overall Electricity



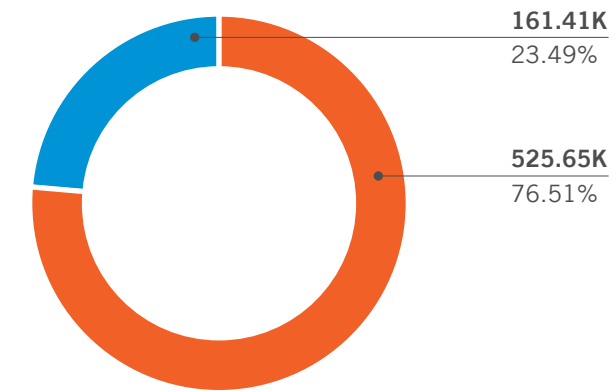
■ Renewable Solar Electricity (kWh)  
■ Non-Renewable Electricity (kWh)

### Percent Renewable Solar Electricity of Overall Energy



■ Renewable Solar Electricity (kWh)  
■ Non-Renewable Energy (kWh)

### Renewable Solar Electricity (kWh) by Business



■ Doble  
■ NRG

Year	Business Division	Renewable Solar Electricity (kWh)	Non-Renewable Electricity (kWh)	Electricity (kWh)	% Renewable of Total Electricity	Fuel (kWh)	Non-Renewable Energy (kWh)	Energy (kWh)	% Renewable of All Energy
2023	Aerospace & Defense	0.00	25,544,782.98	25,544,782.98	0.00%	15,132,255.49	40,677,038.47	40,677,038.47	0.00%
2023	RF Test & Measurement	0.00	6,779,765.67	6,779,765.67	0.00%	10,804,278.20	17,584,043.87	17,584,043.87	0.00%
2023	Utility Solutions Group	687,061.28	4,590,910.16	5,277,971.44	13.02%	2,307,448.26	6,898,358.41	7,585,419.70	9.06%
2023	Corporate	0.00	255,412.47	255,412.47	0.00%	138,814.01	394,226.48	394,226.48	0.00%
<b>Total</b>		<b>687,061.28</b>	<b>37,170,871.28</b>	<b>37,857,932.56</b>	<b>1.81%</b>	<b>28,382,795.96</b>	<b>65,553,667.24</b>	<b>66,240,728.52</b>	<b>1.04%</b>

# Water

The following table provides information about our company-wide water usage for calendar years 2020, 2021, 2022 and 2023.

Total Water Usage (US Gal)	2020	2021	2022	2023
	38,864,133	35,704,264	36,360,246	36,915,419

# Waste

The following table provides information about total hazardous waste generated at our facilities as well as U.S. domestic and foreign hazardous waste generation, reported on a calendar year basis.

Total Hazardous Waste Produced (tons)	2022	2023
Foreign	3.0	2.8
United States	338.9	323.8
Total	341.9	326.5



# ESCO Sponsors the Green Schools Quest

In 2023, ESCO became a proud sponsor of the Green Schools Quest, giving ESCO the opportunity to support environmental sustainability as well as the education of children PreK-12 in Missouri and portions of Southern Illinois. The Green Schools Quest is part of a larger program, called the Show-Me Green Schools, which is a joint project of the Missouri Gateway Green Building Council and the Missouri Environmental Education Association.



First launched in 2013, the Green Schools Quest is an annual project-based challenge to PreK-12 schools to devise and implement no/low-cost sustainability projects at their school over a six-month time period with the help of a community volunteer who serves as a Green Mentor. Schools document their impact, such as energy savings or increased biodiversity, during the project and submit their project's process and impact for judging by an impartial panel at the conclusion. Each year, a particular theme is designated as Focus of the Year. This theme is selected to reflect current issues both locally and globally. Cash awards and trophies are presented to winning teams in Elementary, Middle and High School Divisions and five Spotlight Awards are presented across the age divisions. The Quest ends with an end-of-the-school-year celebration where students from participating schools present and discuss their projects.



Attendees of the 2022–2023 Green Schools Quest Awards Celebration.



A participant in the Green Schools Quest explains her project.

## A FEW FACTS ABOUT THE GREEN SCHOOLS QUEST

54

schools participated in the 2022–23 Green Schools Quest

38

schools submitted final projects and 3,448 student, faculty and staff participated

66

schools are participating in the 2023–24 Green Schools Quest; the Focus of the Year theme is Biodiversity

194

schools have participated since the program launched

309

student-driven sustainability projects have been implemented and documented

29,140

students and staff have directly participated in Green Schools Quest projects over the years of the program

## ESCO SPONSORS THE GREEN SCHOOLS QUEST *Continued*



The winning projects from the 2022–2023 Green Schools Quest included:

- **Ladue Horton Watkins High School** (Ladue, Missouri) won the High School 1<sup>st</sup> Place category with their “Spreading Our Roots” project. Students revitalized their greenhouse, continued honeysuckle hacks, and established connections with other schools throughout their district as well as community organizations who could provide expertise and volunteers. Students revitalized the school’s green roof with Missouri native glade plants that attract native pollinators.
- **Brittany Woods Middle School** (University City, Missouri) won the Middle School 1<sup>st</sup> Place category with their “Keeping it Green” project. Students started a Green Classroom Certification program to cultivate school community awareness and behaviors around general wellbeing and greener behaviors.
- **Bridgeway Elementary School** (Pattonville, Missouri) won the Elementary School 1<sup>st</sup> Place with their “The Greatest Show!” project. Bridgeway’s K-Kids Club created a Green Team that worked on student projects with a sustainability focus.

Additional information about the Green Schools Quest and the Show-Me Green Schools program is available at [www.showmegreenschools.org](http://www.showmegreenschools.org).

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“Every year we look forward to learning about the projects and the success of our Green Schools Quest participants. The students really dive in and use creativity, STEM and more to make an impact on their schools and on the community while lessening their impact on the environment.”

**Emily Andrews**

Executive Director, Missouri Gateway Green Building Council

## ESCO Participates in St. Louis Green Business Challenge

For the second year, we participated in the St. Louis Green Business Challenge in support of our efforts to improve our performance in environmental sustainability. Since 2010, the St. Louis Green Business Challenge has assisted companies with integrating sustainable measures into the kinds of daily operations common to every business. The Challenge is a program of the Missouri Botanical Garden and is designed to deliver “triple bottom line” results (fiscal, social and environmental) to businesses across the region.



In 2023, ESCO moved up to the Leader level in the Challenge. As a Challenge Leader, ESCO worked with a categorized, point-based scorecard to facilitate efficient team management of operational sustainability measures, and to support innovations specific to ESCO’s business. ESCO completed the Challenge with several accomplishments and innovations, including reducing carbon intensity from 20.0 to 18.3 MtCO<sub>2</sub>e per million dollars of revenues from 2021 to 2022, saving 7,649 bottles of water using upgraded water filling stations, implementing new practices in its headquarters to reduce business waste, and providing corporate employees with materials and learning opportunities to improve sustainability in the office and in their homes.



“Participating in the Challenge for the second year helped us find additional ways we can make ESCO and our employees more sustainable. We look forward to next year’s Challenge to help us further reduce our environmental footprint and benefit the communities where we operate.”

**Justin Prien**

ESCO Director of Environmental, Health and Safety

# Social





## Social Highlights for 2023

Percentage of workforce minorities by race

48%

Years average workforce tenure

13

Percent of our employees who are outside the United States

16%



Employees as of September 30, 2023  
(3,131 full-time employees)

3,195

Number of scholarships granted by ESCO foundation in 2023

14

Number of foreign countries in which we have operations

27

# Workplace Health & Safety

We are committed to creating a safe working environment at all ESCO facilities and promoting a culture which values employee safety as a top priority. In 2023, we continued implementing enhancements to our regulatory and safety compliance program which began in 2022. This includes building upon our regulatory registry for all operating facilities to assist local safety personnel in complying with Environmental, Health and Safety (EHS) regulatory requirements. As part of our program, we have continued to audit our U.S.-based facilities and provide training for EHS personnel. The goal of these improvements is to create a more complete environmental management system for our operations.

Each of our subsidiaries has employees designated with responsibility for safety programs specific to those subsidiaries. We have equipment and procedures to protect employees in their work and we train employees in safety procedures and proper protocol. We require all ESCO companies to comply with applicable local, state and federal safety laws and regulations.

## ESCO Global Health and Safety Performance

The following presents our safety statistics on a calendar-year basis. Terms used are as defined by the Occupational Safety and Health Administration (OSHA).

	2020	2021	2022	2023
<b>Total Fatalities</b>	0	0	0	0
<b>Total Lost Time Injuries</b>	20	22	16	18
<b>Total Recordable Injuries</b>	63	67	65	61
<b>Total Lost Time Injury Rate</b>	2.25	2.44	2.27	2.02
<b>Total Recordable Injury Rate</b>	0.71	0.80	0.56	0.60

*Total Recordable Injury Rate measures the number of safety incidents reported against the number of workers present and the number of hours worked. According to OSHA, that rate is calculated as follows: number of incidents in the reporting period x 200,000 / total hours worked in the reporting period. Total Lost Time Injury Rate refers to the rate of incidents that result in a disability or an employee missing work due to an injury. According to OSHA, the rate is calculated as follows: number of lost time injuries in the reporting period x 200,000 / total hours worked in the reporting period.*

# Human Capital

We strive to be a responsible member of the communities in which we operate, and we are dedicated to preserving operational excellence and remaining an employer of choice. We provide and maintain a work environment that attracts, develops and retains top talent by offering our employees an engaging work experience that contributes to their career development. Through our charitable Foundation and wellness activities we provide opportunities for civic involvement that support our communities and provide our employees with meaningful experiences that promote collaborative and rewarding work environments. We strive to maintain a culture that enables all employees to be treated with dignity and respect while performing their jobs to the best of their abilities. We operate in a supportive culture that incorporates strong ethical behavior and reinforces our human rights commitment through annual training on ethics, human rights, anti-human trafficking and anti-harassment. We provide training to our employees on ethics, human rights, anti-harassment and compliance with laws including anti-bribery and export laws.



Our subsidiaries enjoy moderate turnover compared to the national average for our industry. Fewer than 11% of our workforce are contingent workers. We invest in creating a diverse, inclusive and safe work environment which will inspire our employees to give their best efforts every day. In fact, nearly half of our employee base comes from diverse backgrounds.

We generally conduct formal compensation benchmarking reviews every 1–2 years to ensure wages are competitive in local markets and support our retention and recruiting efforts. Additionally, we invest time and resources in reviewing pay equity within our workforce. The majority of full-time domestic and international employees are eligible for bonus or commission plans, most of which are designed to incentivize and reward performance based on results such as EPS, EBIT, cash flow, quality and backlog reduction, or other measures.

We recognize that our success is based on the talents and dedication of those we employ, and we are invested in their success. Significant investments are made in the areas of talent development, technical skills and compliance training in areas such as supervisor training, professional coaching, ethics, safety, hazmat, ITAR, etc. For succession planning purposes, we focus on identifying high-potential future leaders and working with them on individual development plans and coaching.

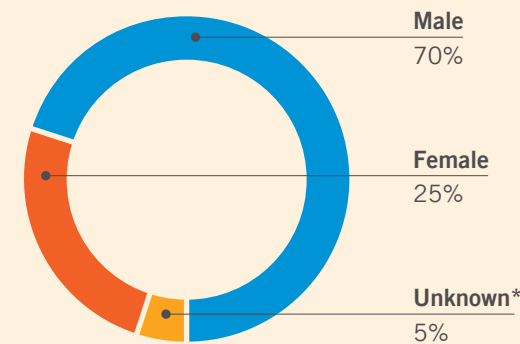
## HUMAN CAPITAL *Continued*

Attracting and retaining a talented workforce is of utmost importance. Given the ever-changing talent market, we have looked to broaden the ways in which we can recognize and reward performance, including more frequent merit increases, market adjustments, spot bonuses and other creative ways to recognize and reward employees. By utilizing these and other measures, at the end of our fiscal year the average tenure of our workforce was 13 years. Nearly one-third of our employees have been with us for 10 or more years and nearly 50% of our employees have been with us for five or more years.

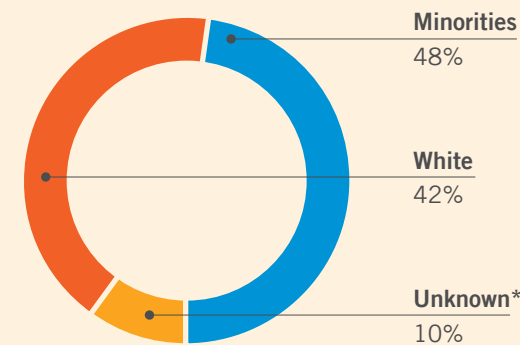
We are committed to the health and wellbeing of our employees and their families by encouraging participation in wellness programs. Generally, all our full-time employees, both domestic and international, are offered health and welfare benefits. We remain committed to our communities through financial support from our employees and the ESCO Foundation, and through personal participation of our employees with a variety of local organizations, such as food banks, blood drives, the YMCA, Special Olympics, and Big Brothers Big Sisters. We believe strong human capital is a competitive differentiator, and we focus on ensuring we have the right domestic and international talent in place to drive our strategic initiatives not only today but well into the future.

### WORKFORCE COMPOSITION (AS OF SEPTEMBER 30, 2023)

#### By Gender

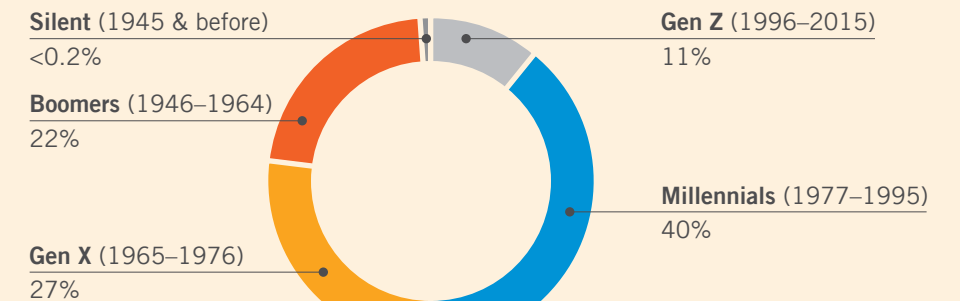


#### By Race



\* Some countries do not permit the collection or reporting of some or all of the above types of data.

#### By Generation



*Minorities are defined to include individuals of Native American or Alaskan Native, Asian, Black or African American, Hispanic or Latino, Native Hawaiian or Other Pacific Islander, and Two or More Races.*

*The above is based on employees' self-identification or other information believed by the Company to be reliable.*

# ESCO Technologies Foundation

The ESCO Foundation is dedicated to providing financial support to charities and others in need, focusing on children and families in communities where ESCO has operations. The Foundation’s goal is to make a measurable difference to each charity and respective community.

Established in 2005, the Foundation provides support to communities in a variety of ways. One way is through the Foundations’ Core Charity grants. These recurring annual grants are provided to local charities in communities in which ESCO

companies have operations. The grants are intended to be large enough to make a meaningful difference to the charitable organizations and their respective communities. In 2023, the Foundation awarded \$278,000 in Core Charity grants. Our employees also engage in volunteer efforts to support many of the organizations selected to receive these grants.

The Foundation also supports communities through the Foundation’s scholarship program, which awards college scholarships to the children

of ESCO employees. In 2023, the Foundation awarded 14 scholarships worth \$44,000. Since its establishment, the Foundation has given 173 scholarships totaling over \$500,000. Starting in 2024, the Foundation is expanding the eligibility to include grandchildren of ESCO employees.

The Foundation also awards hardship grants to support members of ESCO’s workforce that are facing challenging circumstances. In 2023, the Foundation awarded \$16,000 hardship grants.



The Foundation gave \$29,000 in miscellaneous grants to support organizations where our employees are personally involved.



Employees at VACCO Industries support South El Monte Community Outreach.



The Foundation supports City League, a charity that provides high quality school sports and extracurricular activities to St. Louis, Missouri students.



Employees in ESCO’s St. Louis corporate office support two local organizations, Places for People and Toys for Tots during the holiday season.



A large photograph of a power line tower in a field under a blue sky, with the word 'Governance' overlaid in white text.

# Governance

## Governance Highlights for 2023

In 2023, we implemented a significant improvement in the governance of our Board of Directors by separating the roles of Board Chair and Chief Executive Officer. We believe the separation of the Chair and CEO roles is a best practice that increases our Board’s independence from management and thus leads to better monitoring and oversight. Additional highlights of our governance practices include the following:

**All directors other than the CEO are independent**

**All committee chairs are independent**

**Each director attended at least 75% of Board and committee meetings**

**Independent directors hold executive sessions during each Board meeting**

**Board conducts self-assessments annually**

**The full Board exercises oversight responsibility for material risks, and delegates oversight of other risks to the appropriate committees**

**Three of our eight directors are diverse in gender and/or ethnicity**

**Robust clawback policy for executive compensation plans**

**Competitive share ownership guidelines for directors and executive officers**

**Executive compensation driven by pay for performance**

**Annual shareholder vote on executive compensation**

**Executive officers and directors may not hedge or pledge company shares**

**Independent directors review CEO performance annually**

**Average tenure of independent directors is 9.9 years**

**Median age of independent directors is 64 years**

# ESG Governance & Oversight

## 2023 SUSTAINABILITY COMMITTEE

**Kimberly Chapman**

Committee Chair,  
Assistant General Counsel

**Chris Tucker**

Senior Vice President  
and Chief Financial Officer

**David Schatz**

Senior Vice President,  
General Counsel & Secretary

**Steve Savis**

Chief Human Resources Officer

**Kate Lowrey**

Vice President, Investor Relations

**Justin Prien**

Director of Environment,  
Health & Safety

ESCO’s Board of Directors is ultimately responsible for oversight of risks relating to environmental and social sustainability and corporate governance matters and the focus of our Sustainability program. Our Nominating and Corporate Governance Committee assists the Board in its oversight responsibilities relating to our Sustainability program. The Committee assesses our Sustainability program at least annually and reports its findings to the Board. The Committee’s annual report to the Board includes proposed changes with respect to our Sustainability strategy, policies and metrics, as well as an assessment of progress of our Sustainability program.

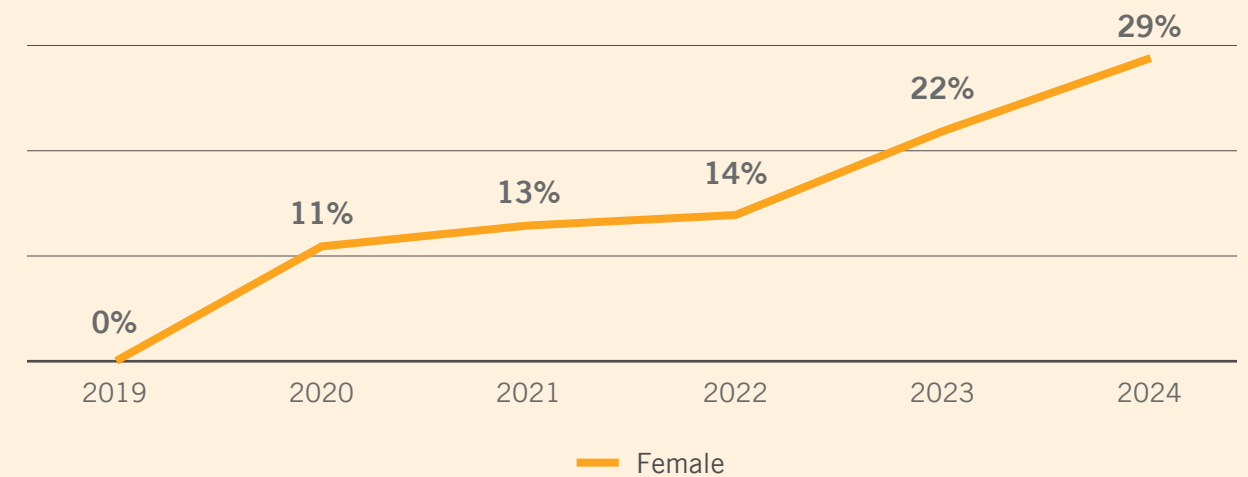
Formed in 2022, our Sustainability Committee (formerly referred to as the ESG Committee) provides high-level leadership for ESCO’s Sustainability efforts and reports directly to the Nominating and Corporate Governance Committee of the Board. Our Sustainability Committee is made up of ESCO employees and is governed by a Committee Charter.

# Board Diversity

We understand that Board diversity is an issue that has increasing importance for our stockholders. Our Board appreciates the benefits diversity brings and strives to assemble a Board with not only a variety of business and professional backgrounds, but also diversity in areas such as race, ethnicity, and gender. Our Board and our Governance Committee are committed to requiring the inclusion of women and underrepresented minorities in the pool of director search candidates.

In recent years, we have made significant progress in increasing the diversity of our Board members. ESCO’s Board includes two female directors and two directors representing racial minorities. We believe that the progress to diversify our Board made in recent years illustrates our commitment to Board diversity, as illustrated by the following graph.

## ESCO BOARD GENDER DIVERSITY





# Cybersecurity

In today’s digital age, cybersecurity is a critical component of ESCO’s Sustainability program. ESCO recognizes the importance of robust cybersecurity measures not only for compliance and risk management but also as a key aspect of our corporate responsibility and sustainability. In 2023, ESCO has made key improvements to its cybersecurity program, including the addition of a new Senior Director of Information Technology to oversee cybersecurity at all levels of ESCO’s organization.

ESCO’s cybersecurity strategy is anchored in the principles of the Cybersecurity Maturity Model Certification (CMMC) and the National Institute of Standards and Technology (NIST) Special Publication 800-171.

## Cybersecurity Framework and Compliance

- **CMMC Alignment:** The CMMC framework, developed by the Department of Defense (DoD), provides a comprehensive standard for implementing cybersecurity across the defense industrial base. Our alignment with CMMC is designed to ensure that we meet the stringent requirements for protecting sensitive federal information, a testament to our commitment to cybersecurity excellence.

- **NIST 800-171 Compliance:** NIST SP 800-171 sets the standards for protecting Controlled Unclassified Information (CUI) in non-federal systems and organizations. By adhering to these guidelines, our company demonstrates its capability to safeguard sensitive information.

## Cybersecurity Initiatives and Practices

- **Proactive Risk Management:** We employ a proactive risk management approach, continuously identifying, assessing, and mitigating cybersecurity risks. This includes regular audits and assessments that are designed to ensure compliance with CMMC and NIST 800-171 standards.

- **Employee Training and Awareness:** Recognizing that human error can be a significant cybersecurity risk, we invest in regular employee training and awareness programs. These initiatives are designed to foster a culture of cybersecurity mindfulness across all levels of the organization.

- **Incident Response and Recovery:** A heavy emphasis is placed on the incident response plan to ensure quick and effective action in the event of a cybersecurity breach.



- **Internal Accountability:** Our Board’s Audit and Finance Committee annually reviews cybersecurity risk exposures, as well as the policies and controls ESCO management has implemented to manage and mitigate risks. On a quarterly basis, the Committee reviews management’s assessment and overview of cybersecurity and information technologies risks and any required remediation actions.

## Ongoing Efforts in Cybersecurity Research and Advancement

In addition to our foundational cybersecurity strategy based on CMMC and NIST 800-171, we are deeply committed to ongoing research and advancement in cybersecurity. This proactive stance is crucial in an ever-evolving digital threat landscape, where new challenges and vulnerabilities emerge constantly.

Our corporate website contains additional information about key areas of focus for our sustainability and corporate responsibility efforts. We encourage our stakeholders to visit our corporate website, [escotechnologies.com](http://escotechnologies.com), for information on our continuing commitment to diversity and human rights, the health and safety of our workforce, and the integration of sustainability into our business.

Questions or comments regarding this Report can be directed to:

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