

# CORPORATE RESPONSIBILITY REPORT 2022



# A COMMITMENT TO OUR STAKEHOLDERS



For decades, Quanex has been an industry leader in the development and production of energy-saving components for residential and commercial windows and doors.

We continually work with our customers to develop more energy-efficient products and meet the increasingly high demand for products that save energy and minimize environmental impact. To achieve these goals, we continually seek out actions that will reduce greenhouse gases both in our manufacturing process and at the end use.

We also understand that customers choose suppliers who take appropriate action to protect the health, safety, and human rights of their employees and others, and who affirm the importance of maintaining sustainable and environmentally friendly practices. Quanex not only affirms its own commitment to being an ethical supplier, but also requires its suppliers to make such commitments through its [Code of Supplier Conduct](#).



## Our Creed

- Continuous improvement and innovation.
- Respect with open and honest communication.
- Excellent customer service.
- Exemplify safe and healthy living.
- Do the right thing.

**GEORGE WILSON**  
President and CEO, Quanex

**Quanex's social responsibility centers around four stakeholders that we believe are vital to our success:**



**CUSTOMERS**



**EMPLOYEES**



**SHAREHOLDERS**



**COMMUNITIES**

During fiscal 2022, we made great strides toward our goal of building an active and effective Environmental, Social, and Governance (ESG) program. Our Sustainability Committees met on a quarterly basis and we implemented processes and programs that have allowed us to more effectively track several ESG related metrics, including GHG emissions, electricity and water usage, total waste tonnage, and hazardous waste generation.

We completed a thorough materiality mapping process that has allowed us to better focus our efforts and begin setting improvement goals in the areas that are truly meaningful to Quanex and our stakeholders. In addition, we have established a new Diversity, Equity, and Inclusion (DE&I) council led by Kim Garcia, Vice President/Chief Human Resources Officer. The DE&I council comprises eighteen volunteer employees from multiple locations and disciplines and will help us to meet the commitment we have made to our employees to ensure a welcoming, inclusive, and equitable culture.

This report provides an overview of the policies, objectives, performance, and activities undertaken during fiscal year 2022 with respect to our stakeholders. Quanex and its Board or Directors recognize the importance of corporate social responsibility, and we strive every day to ensure that we exceed the expectations of all our stakeholders.

**GEORGE WILSON**  
President & CEO

# ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG)

## GOVERNANCE COMMITTEE

Through its Nominating & Corporate Governance Committee, the Quanex Board of Directors has the ultimate oversight of our ESG program. At each of its regular meetings, the Governance Committee receives an update on ESG activities from the Company's General Counsel. The Governance Committee is responsible for approval and oversight of the company's overall ESG strategy.

## PRESIDENT & CEO

Our President & CEO is responsible for advancement of the company's ESG strategy. The President & CEO is kept updated on ESG activities through the company's ESG Strategy Committee.

## ESG STRATEGY COMMITTEE

The Quanex ESG Strategy Committee comprises leaders of our manufacturing divisions, Vice President of International Sales, Chief Human Resources Officer, and our General Counsel, who chairs the committee.

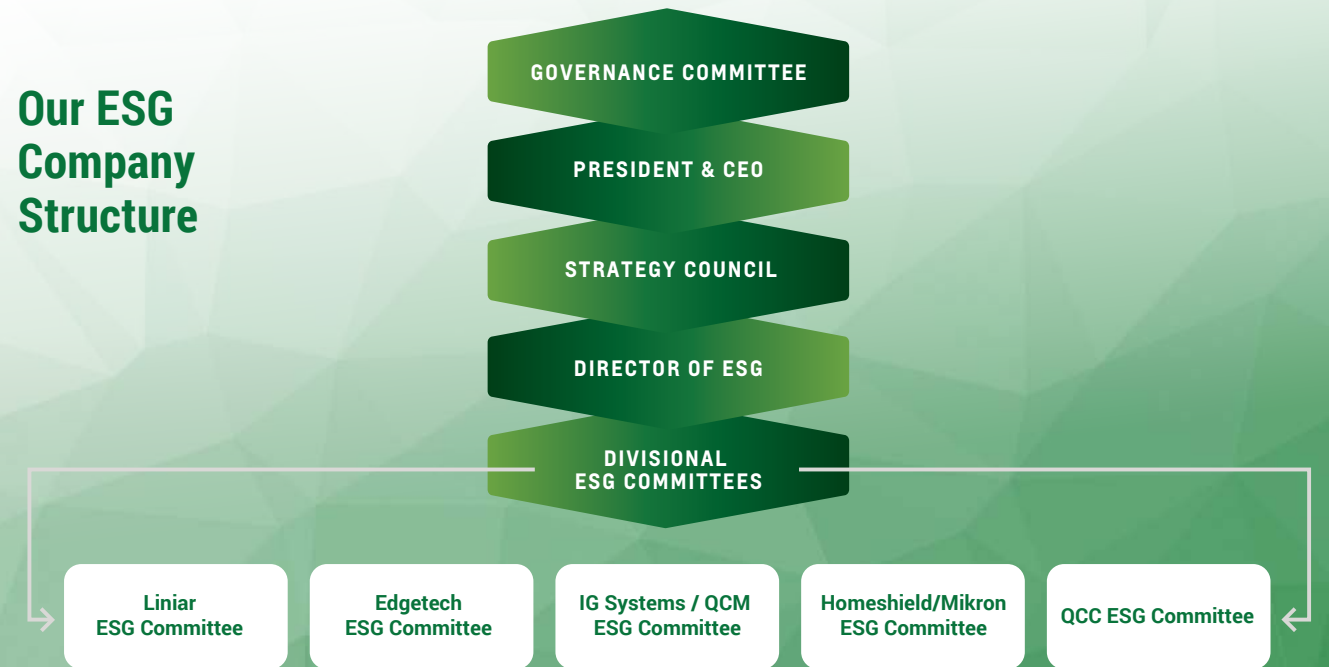
## DIRECTOR OF ESG

The Director of ESG is responsible for ensuring that the ESG strategy is developed appropriately and effectively in each of our divisions. The ESG Director leads the quarterly ESG committee meetings and is also a member of the company's Diversity, Equity, and Inclusion (DE&I) Council. Additional responsibilities include the day-to-day tactical work required to build and enact systems that will help us meet our ESG goals such as implementing and managing systems that will capture and report on greenhouse gas emissions, hazardous waste management, electricity and water usage, and various other metrics that feed into our sustainability disclosures. This position also interacts extensively with industry peers and benchmarks sustainability activities through various business groups focused on ESG management.

## DIVISIONAL SUSTAINABILITY COMMITTEES

These divisional committees comprise various manufacturing professionals from each of the Quanex divisions. The Committees are chaired by senior management leaders who represent various professional disciplines and are responsible for carrying out the ESG strategy at the division level and reporting on progress. The Committee chairpersons meet each quarter to share plans and progress as it relates to Quanex's broader ESG strategy.

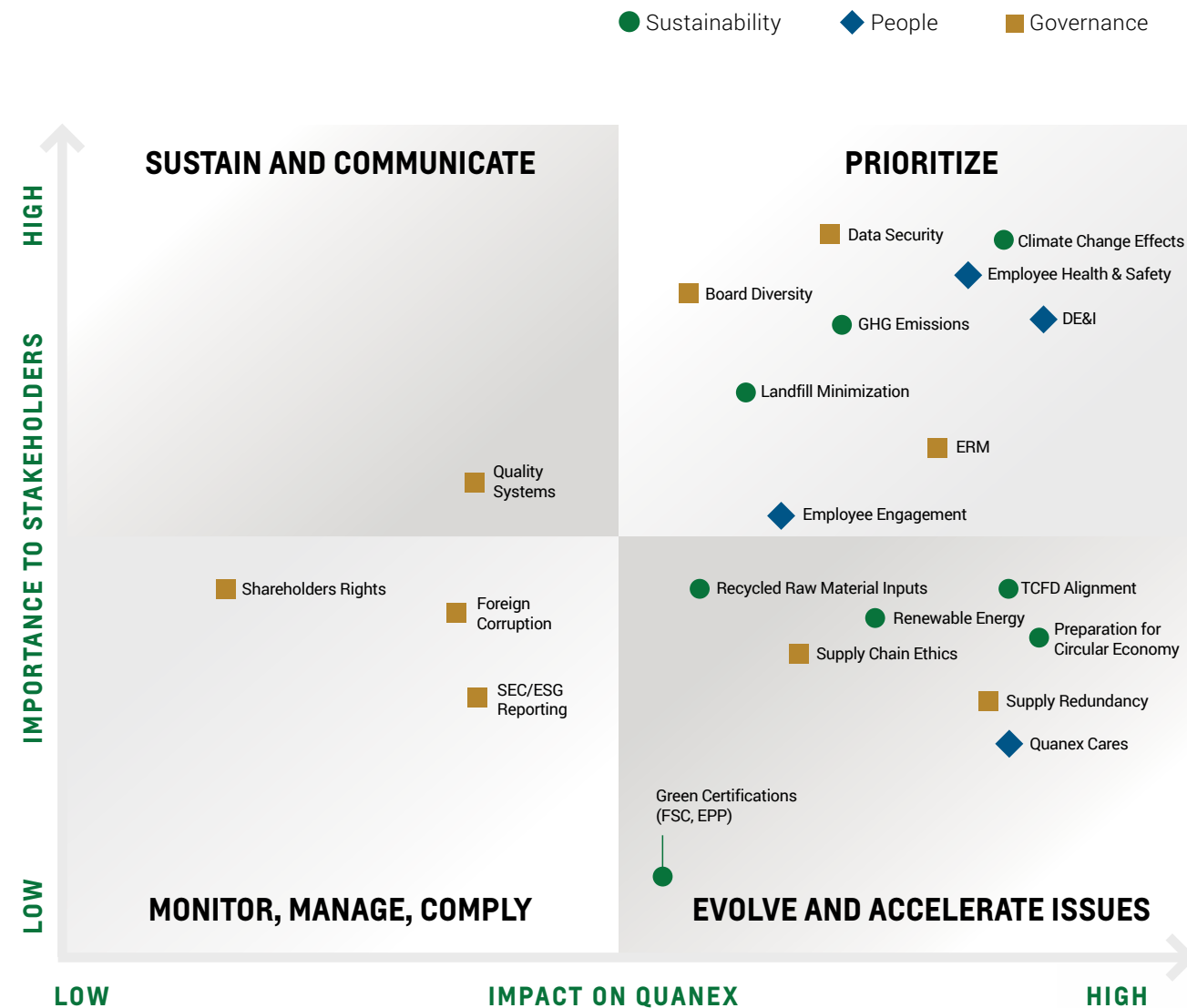
## Our ESG Company Structure



# MATERIALITY MAP

The Quanex materiality map depicts the various sustainability issues that we believe are fundamental to our business and stakeholders, along with their relative importance and impact. The materiality map is designed to be a living document that will be updated and revised as material issues change.

The Quanex Environmental, Social, and Governance (ESG) Strategy Committee reviews this matrix on an annual basis to ensure that it continues to properly reflect our business strategy and to verify that it appropriately demonstrates the relative importance placed on each item by our stakeholders and the likely impact each item may have on our business.



## SUSTAIN AND COMMUNICATE

In this quadrant are material issues that are important to our stakeholders, but that are mature in their development and do not require extensive additional planning or implementation of new programs by Quanex.

## PRIORITIZE

This quadrant represents a high priority for both Quanex and our stakeholders, and includes issues that need to be addressed over the coming months and years. For these items, we are actively working to develop sustainable policies and programs that will allow these issues to be moved to the “Sustain and Communicate” quadrant.

## MONITOR, MANAGE, AND COMPLY

At present, the material issues in this quadrant are relatively low-impact areas where we already have effective systems in place. While we are monitoring these issues to ensure compliance on an ongoing basis, we are not actively engaged in extensive projects to address or improve them. As the business environment evolves and as we and our stakeholders continue to refine our collective views and priorities with respect to sustainability matters, these issues may migrate to a different quadrant.

## EVOLVE AND ACCELERATE ISSUES

We are focusing on these issues because we believe they are important to our future, but they are not necessarily being requested or demanded by our stakeholders. If and when these issues become more important to our stakeholders, they may migrate to the “Prioritize” quadrant.

# RECYCLING VINYL WASTE



## LONG-LASTING IMPACT

Unplasticized Polyvinyl Chloride is a plastic that has proven its value in a great many industrial applications, including vinyl window frames and vinyl fencing. Vinyl maintains its strength and structure for a long time and, when mixed with proper UV stabilizers, can function properly for decades even in bad weather or hot sun. This means that frames and fence posts made from vinyl will often last longer in a home than traditional wood window frames or wooden fence slats. But while this longevity makes vinyl great for our products, it also means that scrap material could last many years in a landfill before it finally degrades. That is why Quanex is committed to reusing and recycling as much vinyl waste as possible.

Currently, Quanex manufactures vinyl extrusions in the United States and through our international company, Liniar, in the United Kingdom. Each of these businesses takes a slightly different approach to repurposing vinyl scrap, but both have been extremely successful at reducing the amount of vinyl waste sent to landfills.

*Our scrap materials could last many years before degrading, which is why we are committed to reusing and recycling as much vinyl waste as possible.*

## REPURPOSED VINYL SCRAP MATERIAL

**1,003 Metric Tons**  
Into Fence Components

**645 Metric Tons**  
Into Packaging



The Liniar team uses its waste vinyl to manufacture a home decking product. Because it is made with vinyl, this decking product has proven to be extremely durable and long-lasting with little required maintenance. In fiscal 2022, Liniar reprocessed 1,539 metric tons of vinyl scrap into Decking, Fencing, Reinforcement, Piling and ancillary items.

The Mikron team uses scrap vinyl material to produce a variety of fence components, including fence rails, top rails, fence panels, fence posts, and post caps. In addition, Mikron repurposes other vinyl scrap for use as a packing component when it ships other products to its customers. In fiscal year 2022,

Mikron repurposed 645 metric tons of vinyl for use in packaging and 1,003 metric tons for use in manufacturing fence components.

**In total, we repurposed 3,187 tons of vinyl that would have otherwise gone to the landfill.**

We are likewise continually considering alternate uses for recycled vinyl and other ways in which we might be able to repurpose our vinyl scrap. Quanex is committed to protecting the environment in which we live and operate. Reducing vinyl landfill waste is just one of the ways we are doing so.



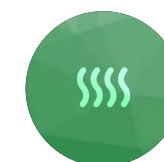
Looking ahead to 2023, we hope to use these baseline metrics to begin developing long-term improvement goals across our business.

# SUSTAINABILITY METRICS

Our 2022 Corporate Responsibility Report is our first to disclose sustainability metrics. Quanex has worked hard over the past two years to build processes and systems that will allow us to track and disclose these metrics on an ongoing basis, and we are proud that we can finally provide these baseline metrics to our stakeholders. Except as otherwise specifically discussed, we believe that each metric disclosed in this report is materially complete. We have included additional information where any assumption has been used or where we were unable to track a portion of any disclosed metric.

## GREENHOUSE GAS (GHG) EMISSIONS

**PARTIAL SCOPE 1 GHG EMISSIONS**  
**12,425.6 Metric Tons**



**SCOPE 2 GHG EMISSIONS**  
**59,181.9 Metric Tons**

For fiscal 2022, this amount represents worldwide manufacturing Scope 1 GHG emissions, to the extent such emissions arise from the use of natural gas or from the use of waste sawdust as biofuel. It is important to note that we are still working to develop a reliable method to track certain Scope 1 emissions, including fugitive emissions from the manufacturing process and emissions from the use of fossil fuels and solvents. As such, Scope 1 emissions related to those items are not included in this disclosure.

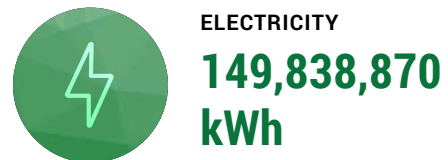
For fiscal 2022, this amount represents worldwide manufacturing Scope 2 GHG emissions resulting from the consumption of electricity by our plants. Of this total figure, 99.4% of Scope 2 GHG Emissions were generated in the United States, and the remaining Scope 2 Emissions were generated by our Edgetech plant in the United Kingdom. Our Liniar business in the UK and our Edgetech facility in Germany sourced all of their electricity from non-GHG emitting sources and thus had no Scope 2 GHG emissions.



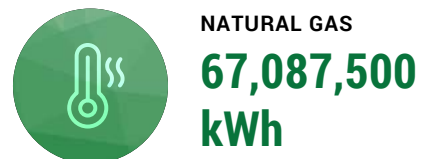
To calculate our Scope 1 and Scope 2 Emissions, we relied on the emission factors derived from the following sources:

- **United States:** US State Output Emission Rates (eGRID2021)
- **United Kingdom:** Greenhouse Gas Government Conversion Factors as posted on UK.gov
- **Germany:** Informationsblatt CO2-Faktoren.

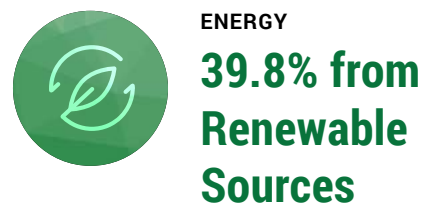
## UTILITY CONSUMPTION



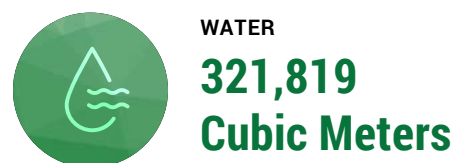
This figure represents all the electricity consumed at our manufacturing facilities around the world in fiscal 2022. Of this total, 83.7% was consumed in the United States, 2.6% was consumed in Germany, and the remaining 13.7% was consumed by our Liniar and Edgetech businesses in the United Kingdom. 91.7% of the total electricity used in the United Kingdom was derived from nuclear sources, while 100% of the total electricity used in Germany was derived from wind and solar sources.



This figure represents the consumption of natural gas from all Quanex manufacturing locations around the world.



Of the total energy consumed by our facilities worldwide in fiscal 2022, 39.8% was derived from renewable sources. The renewable sources include (i) wind and solar electricity consumed at our facility in Heinsberg, Germany (1.1% of total energy consumed) and (ii) heat from the burning of hardwood sawdust at four locations in our Quanex Custom Components business (38.7% of total energy consumed).

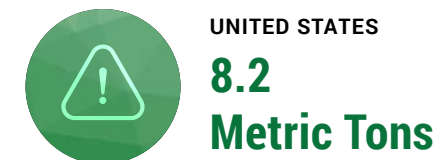


This figure represents the total water usage across all our manufacturing operations around the world in fiscal 2022. Quanex is keenly aware that water is a precious resource, and our teams strive to reduce water consumption through continuous improvement activities.

## HAZARDOUS WASTE GENERATION

**Around the world, our teams continuously work hard to minimize the amount of waste generated from our manufacturing processes, especially hazardous waste.**

In considering our hazardous waste generation, we found that contradictory definitions of “hazardous waste” presented by various jurisdictions presented a roadblock to our ability to disclose a single worldwide metric. In Germany, for example, the legal definition of “hazardous waste” includes a certain process wastewater that does not qualify as hazardous within the United States or United Kingdom. The United Kingdom likewise has a more stringent hazardous waste definition than does the United States, though not as stringent as Germany. As such, it is important to view each of the fiscal 2022 figures disclosed below within the proper context by considering the conflicting legal definitions that drive each jurisdiction’s definition of “hazardous waste.”



This figure reflects the hazardous waste produced by our 29 facilities in the United States, which in fiscal 2022 represented approximately 70.8% of our total worldwide production. The calculation of hazardous waste in the United States was based on the regulatory requirements set forth in 40 CFR Part 261.



This figure reflects the hazardous waste produced by our two facilities in the United Kingdom, which in fiscal 2022 represented approximately 26.4% of our total worldwide production. The calculation of hazardous waste in the UK was based on the regulatory requirements set forth in The Hazardous Waste (England and Wales) Regulations 2005.



This figure reflects the hazardous waste produced by our sole facility located in Germany, which in fiscal 2022 represented approximately 2.8% of our total worldwide production. The calculation of hazardous waste in Germany was based on the regulatory requirements set forth in the Commission Decision 2000/532/EC (European Waste List, EWL).



# CONVERTING WOOD WASTE TO ENERGY



## POWERED BY SCRAP

In sizing, shaping, and assembling our various wood products, we generate a lot of sawdust and wood chips. While we could simply throw away all this waste material, we instead have chosen to pursue a more sustainable path by investing in the machinery required to put our waste to good use by converting it into the energy that powers our plant.

At our rough mills located in Pennsylvania, Minnesota, and Kentucky, we maintain several large kilns that are used to dry green lumber before it can be used in production. These kilns are huge ovens that require a substantial amount of energy on an ongoing basis, as the drying process takes many days. Rather than relying on non-renewable natural gas to heat the boilers that fire these kilns, we instead use the scrap sawdust and wood chips that are collected as by-products of the manufacturing process. This means we must maintain an

extensive wood waste recovery system that allows the biofuel to be captured during our manufacturing processes and later utilized in our wood-fired boilers in our kiln drying operations. We have implemented these recovery systems in each of our four lumber drying operations, and we are proud to say that in fiscal 2022, these drying operations used renewable wood waste to produce 83% of our total energy requirements.

**In fiscal 2022, we used 24,211 metric tons of wood processing waste to produce more than 465 billion BTUs of energy.**

That represents approximately 450 million cubic feet of Natural Gas that we would have otherwise needed to fire our kilns and run our four rough mills.

# ENERGY EFFICIENCY VIA SOLARGAIN

## A BRIGHT FUTURE

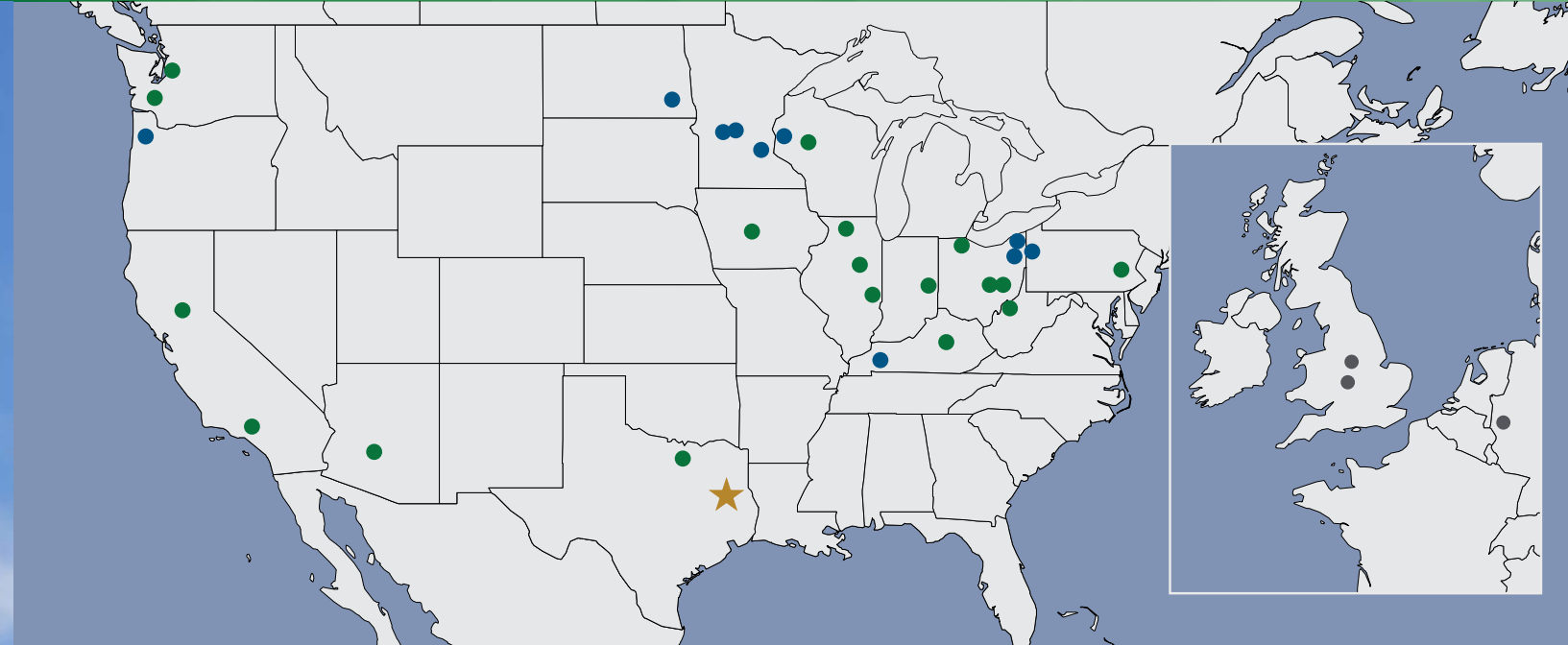
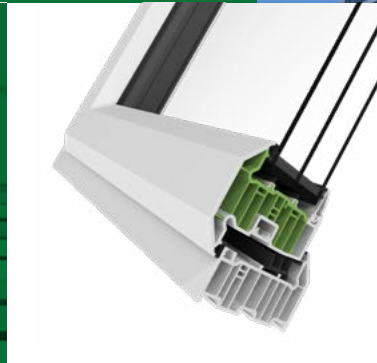
Our teams take pride in making energy-efficient products and solutions that help our customers achieve higher levels of performance, helping conserve resources in end-use applications.

SolarGain Edge Sealant is a proven Polyisobutylene Based Pressure-Sensitive Adhesive that helps to delay moisture ingress and prevent premature power degradation in photovoltaic (PV) modules (commonly referred to as solar panels). The excellent adhesion of the sealant keeps moisture out and electricity in. The addition of desiccant to the adhesive creates a step change in delaying moisture migration to help protect cells, connections and conductive coatings from degradation. SolarGain Edge Sealant can help maximize performance and longevity.



*“As solar panel manufacturers try to achieve higher and higher levels of module performance and longevity using greater moisture sensitive components, the need for higher levels of moisture protection throughout the photovoltaic marketplace are needed more than ever. With SolarGain technology, we can provide that protection, helping our customers in the solar power industry create more reliable modules.”*

# OUR DIVISIONS



**30+ Global Locations**



**Serving 90+ Countries**

Qualex leads the way with expertise that propels markets and industries forward. Our customers look to us first for deep knowledge and custom solutions to manufacturing challenges because of our legacy of innovation and a dedication to excellence. With thirty plus global locations serving over ninety countries, we have the equipment, people, and processes in place to test, manufacture, and transform products and industries.

## FENESTRATION

Qualex is a global leader in fenestration components for the window and door industry for both commercial and residential applications. Our pioneering technologies continue to focus on energy efficiency, and we strive to continually push boundaries to outperform the competition. Our fenestration businesses provide industry-leading warm-edge spacers that boost energy performance and sustainability, high-performance vinyl profiles, sealants, window and door screens, and many components and accessories to manufacturers. Our end-to-end products and services help enhance the performance and output of our customers in the commercial and residential markets while our partnership approach helps improve quality and efficiency. Each solution is backed with tailored customer service, production planning and training assistance as well as marketing support to ensure our clients succeed.

## CUSTOM COMPONENTS

Driven by quality, artisanship, and efficiency, we produce leading solid wood and engineered wood componentry for the kitchen cabinet, millwork, and window markets. Our manufacturing capabilities including eleven production facilities and seven distribution locations are equipped to work with a variety of wood species, adhere to strict quality controls, and provide maximum value to our customers. We pride ourselves on bringing quality, style, beauty, and comfort to residential and commercial applications.

## CUSTOM MIXING

Custom Mixing is not included in this report as Qualex did not own this division in 2022. Information about Custom Mixing will be included in future reports.

# EMPLOYEE SAFETY IS PARAMOUNT



Quanex employees are our most important asset, and we strive to ensure that our workers return home safely every day. Our **“What is your Why?”** philosophy is at the core of our safety program. Our safety programs emphasize and reinforce our employees’ motivation to stay safe and keep each other safe.



*Employees take part in frequent safety meetings to ensure all safety measures are in place.*

## COMMUNICATION

We believe that safety incidents can be prevented through proper risk management, employee involvement, behavioral observations, standardized operations and equipment, and attention to detail.

Safety programs and training are provided across Quanex to ensure that employees and managers have effective tools to help identify and eliminate both unsafe conditions and at-risk behaviors. Our safety program is overseen by our Board of Directors and our Executive Strategy Council, with support from a dedicated Environmental, Health and Safety (EHS) Department whose leader reports directly to our CEO. In addition, employee-led health and safety teams help identify, analyze, and communicate safety issues within each facility.

Quanex hosts monthly meetings that include the CEO, CHRO, and General Counsel along with various HR and EHS team members in addition to plant management at every facility. During these meetings, the group discusses every recordable injury that occurred during the preceding month. The meetings start with senior leadership’s recognition and acknowledgment of plants with great safety records and achievements and end with comments from the CEO. Our two North American segments each have periodic division-wide safety calls to discuss preventive safety measures. In addition, the Quanex Custom Components (QCC) segment bi-weekly safety meeting shares plant safety improvements so that similar actions can be considered at other QCC plants.

## Celebrating a Major Safety Milestone in Parkersburg

In 2022, the Parkersburg, West Virginia team celebrated nine years without a lost time accident. This major milestone is a testament to the team's commitment to keeping one another safe.

A lost time accident is defined as a workplace injury that requires the associate, based on doctor's orders, to spend one or more days away from work beyond the date of the injury. Daniel Welch, vice president of operations, notes that achieving such a milestone is a truly monumental achievement.



### ACCIDENT AND INJURY PREVENTION

We continually strive to improve and protect the health and safety of our employees. Our root cause analysis process reveals that many injuries are related to ergonomics or other body alignment issues. The nature of the manufacturing process often requires repetitive motion; however, proper form and stretching exercises can reduce or minimize the aches and pains associated with repetitive motion. We've implemented a program at every location to provide on-site physical therapists (PT) or exercise physiologists. Employees can see these health professionals for both work and non-work-related issues. Onsite PT consultation removes the need for employees to schedule separate appointments outside the work hours. The onsite PTs take the time to walk the floor to better understand our practices and meet our employees so that they can make recommendations for ergonomic or process improvements.

The EHS staff have received professional training in Ergonomics and they routinely conduct ergonomic evaluations to reduce the risk of musculoskeletal injuries. Quanex is now using an AI Ergonomics software program, allowing plant users the ability to perform quick and intuitive job task analyses. The software analyzes a short video clip of a workplace task to provide nearly instantaneous results, allowing our teams to assess ergonomic stressors and identify alternative work methods. Automated machinery has been installed in nine locations that manufacture window screens; this machinery alleviates the ergonomic stress created by the hand rolling method of manufacturing screens. We continue to evaluate the benefits of automation to reduce ergonomic risks and find new opportunities for automated equipment.

### MANAGEMENT OF CHANGE

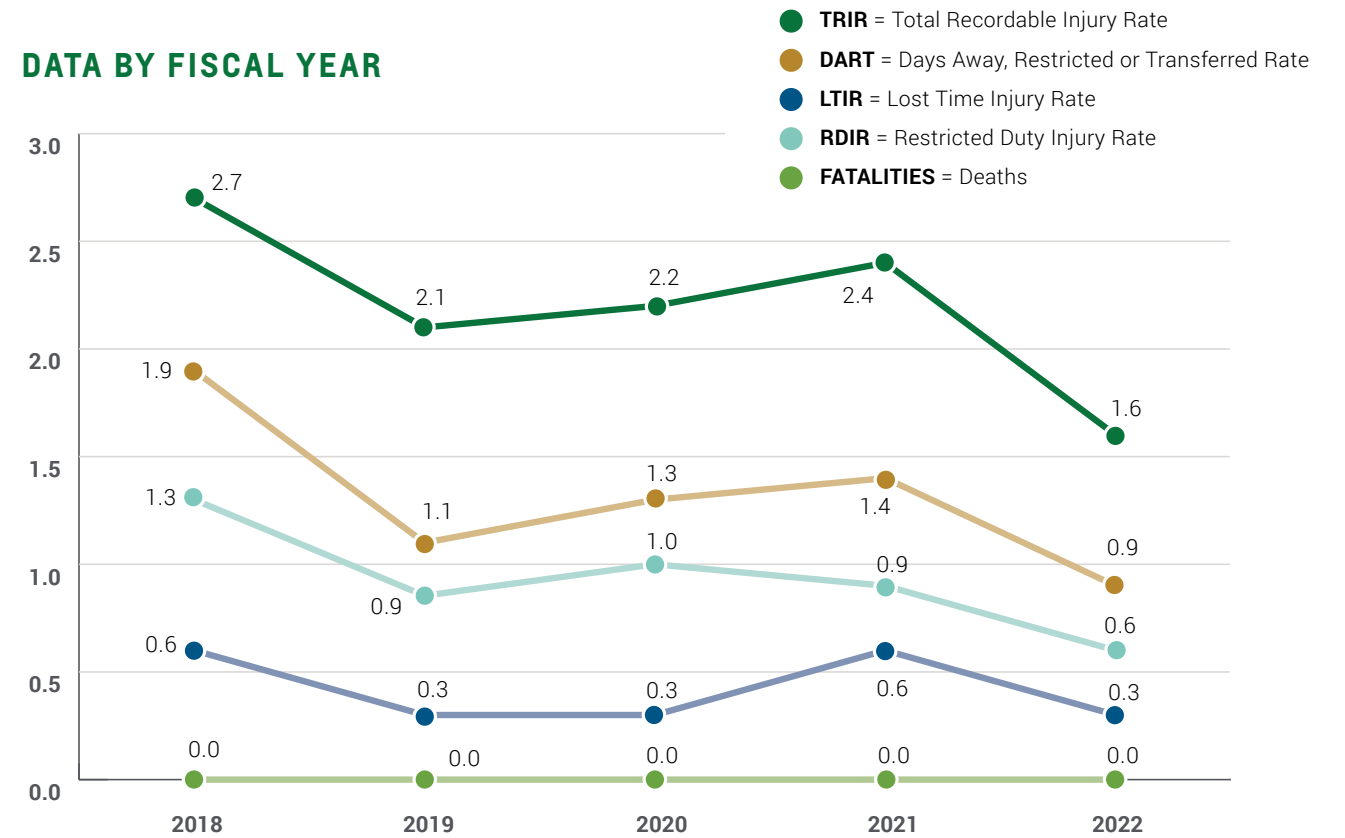
When it comes to safety, change – whether with process, equipment, or procedure – always poses a risk. At Quanex, we work to minimize change-related risks through a robust Management of Change (MOC) Policy. We initiated our MOC process nearly a decade ago and have continually improved it through the years. Our Management of Change Policy requires that all changes are reviewed and approved by appropriate departments, including Plant Management; Research & Development, Engineering, and Environmental, Health & Safety (EHS). All change requests are tracked by the EHS Team, and the MOC process must be completed before the initiation of any substantial change.

*“The fact that nearly a decade has gone by without this type of injury is incredible,” Daniel said. “No matter the type of plant you are or the type of work you do, this is a very difficult milestone to achieve. One year without a lost time incident is impressive. Nine of them is outstanding. It means you’re doing a lot of things right as a team.”*

The Plant Manager attributes this success entirely to the associates on the plant floor, and the work they have put in to build a true safety culture in Parkersburg.

“Reaching this point has truly been a journey, and it’s one that has been driven at every point by our associates,” Karen said. “Everyone here supports and is actively engaged in this culture of safety, and the results speak for themselves. Everyone is looking out for each other every day. Management can’t just dictate safety – we can lead, but it’s the associates who have to do it. And this team has done an incredible job.”

### DATA BY FISCAL YEAR



**DART** - Days Away, Restricted or Transferred.  
 $DART = \frac{(\text{Number of OSHA Recordable injuries and illnesses that resulted in Days Away; Restricted; Transferred}) \times 200,000}{\text{Total Employee hours worked}}$

**LTIR** - Lost Time Injury Rate =  $\frac{(\text{number of lost time accidents}) \times 200,000}{(\text{Number of hours worked})}$

**RDIR** - Restricted duty Injury Rate =  $\frac{(\text{number of restricted duty injuries}) \times 200,000}{(\text{Number of hours worked})}$

**TRIR** - Total Recordable Injury Rate calculation reflects the number of recordable injuries per 100 full-time workers during a one-year period.  $TRIR = \frac{(\text{Total OSHA Recordable cases} \times 200,000)}{\text{Total Employee hours worked}}$



Over the past nine years, our Total Recordable Incident Rate (TRIR) has decreased from 4.5 to 1.6 and Days Away Restricted or Transferred (DART) has decreased from 1.9 to 0.9. We have continued to achieve superior employee safety performance as benchmarked against the U.S. Department of Labor's Injury and Illness Incidence rate (IIR). Quanex's 2022 fiscal year worldwide employee IIR of 1.6 (which included no occupational fatalities) compares favorably against the current U.S. non-governmental, private manufacturing sector (NAICS codes 31-33) employer average IIR of 3.3 published by the U.S. Bureau of Labor Statistics for calendar year 2021. IIR is calculated the same as TRIR  $[(\text{number of illness and injuries} \times 200,000) / \text{total hours worked}]$ .

# EMPLOYEE WELLNESS SUPPORT FOR A HEALTHIER LIFESTYLE



Quanex is committed to our employees' overall health and wellness, and we offer a comprehensive benefits package and initiatives to promote healthy lifestyles.

Two of our largest facilities have onsite fitness centers, while all of our facilities are tobacco free. Most facilities offer an annual benefits fair, where employees can learn about health and wellness, and participate in biometric screenings. Free annual flu shots are offered to all employees, with most of our plants hosting onsite flu shots.

The Quanex Wellness Committee is working on several initiatives centered around promoting the benefits of our Go365 wellness program, smoking cessation activities and Mental Health awareness. Wellness materials are highlighted in the Monthly Quanex Health, Safety, and Wellness Bulletin. Copies of the bulletins are shared via employee email, posted in break rooms, and broadcast on the Quanex video monitors throughout each plant. The Committee has also promoted the expansion of healthy eating opportunities by providing facilities with details on employee incentive programs like farmers' markets and incentives for healthy food choices in employee break rooms.

*Our **Go365** wellness program helps incentivize our employees to take a greater stake in their health by giving them the tools and support they need to live healthier lives and rewarding them for it.*

Go365 goes beyond traditional workplace wellness programs by offering resources for employees dealing with everyday stressors like financial, family, and emotional concerns.

Quanex offers an **Employee Assistance Program** (EAP), a free and confidential service that provides useful tools and resources to address topics such as resiliency, emotional well-being, workplace success, wellness and balance, and personal and family goals. The EAP also provides access to legal and financial consultation and work-life services. The EAP has been especially helpful over the past three years as our employees have worked to deal with the added stress and uncertainty growing out of COVID-19.



# TALENT DEVELOPMENT

## WE ARE POWERED BY TALENTED PEOPLE

At Quanex, we incorporate continuous improvement and innovation into our talent management processes. On an annual basis, we review leadership talent throughout the organization for development, performance, and succession planning through an Annual Human Resources Review.

This formal process is led by the executive team and ensures we are developing leaders for the future growth required by the organization and all of our stakeholders.

In 2022, we launched a two-prong virtual leadership program, offered on a monthly basis in both a live and recorded format. One development program targets emerging leaders with fundamental management topics, while the other track targets more senior leaders with leadership topics; however, all leaders globally are invited to both series. Typically, more than 50% of all leaders attend at least one session per month, with many plants seeing all of their leaders joining a session together. The new program has been met with overwhelming support from leaders who appreciate the opportunity to grow their skills without the need to travel. Operational leaders have also leveraged the training to introduce leadership skills to high potential employees on their teams. These sessions will continue in 2023.

In an effort to ensure leaders at all levels have awareness of and the ability to apply core management fundamentals, we developed and piloted an in-house Team Lead Training Program. Our team leads are often the first line of management with whom production employees interact. After delivery to two groups of team leads in 2022, the program will be expanded in 2023.

We also continued our partnership in 2022 with the University of Arizona Global Campus which allows employees to complete a university degree with no debt. During the fiscal year, twenty-three employees participated in the program and five employees completed degrees in business, finance, or organizational management.

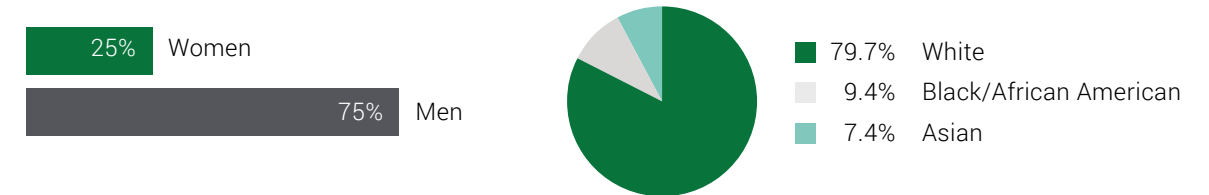
# DIVERSITY, EQUITY, AND INCLUSION

Quanex is committed to meeting the needs of all employees in an open, inclusive work environment. Our workforce is made up of a greater percentage of women than the industry benchmark, per the US Bureau of Labor Statistics, and is at least as racially and ethnically diverse as the local community in more than half of our US locations.

Race/ethnicity data is reported below in two different ways – the first set of data covers all employees at the organization, while the second set of data includes only those who supervise at least one other employee. All data is current as of October 31, 2022.

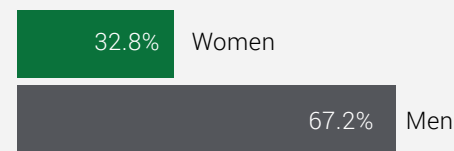
## NATIONWIDE STATISTICS FOR DURABLE GOODS MANUFACTURING EMPLOYEES\*

\* Data shown below per the US Bureau of Labor Statistics (BLS): Hispanic or Latino employees can be of any race in the BLS data reporting and make up 15.4% of the Durable Goods workforce.

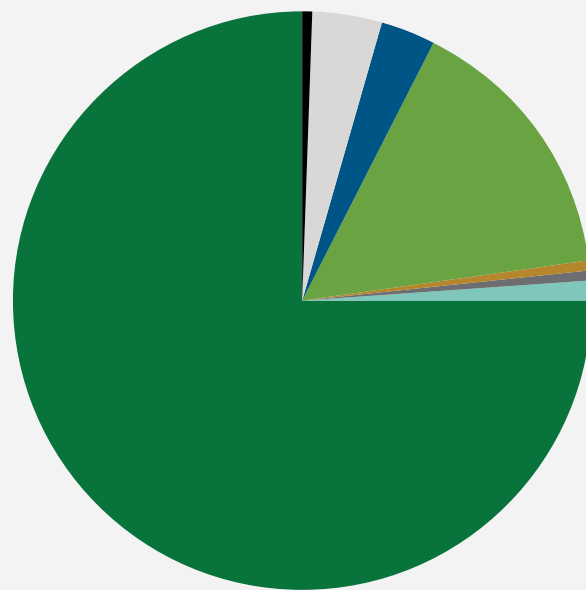
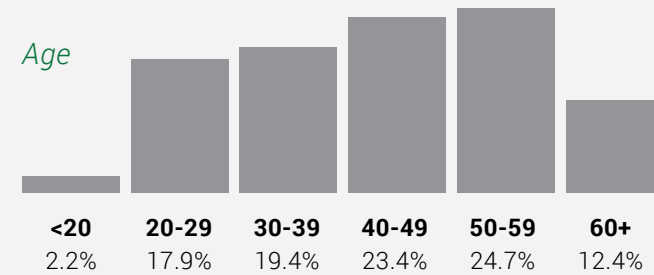


### ALL QUANEX EMPLOYEES

Gender



Age

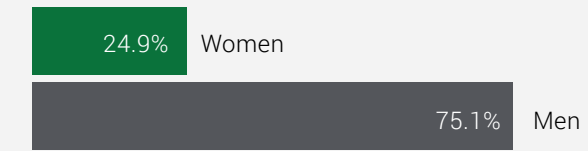


Ethnicity

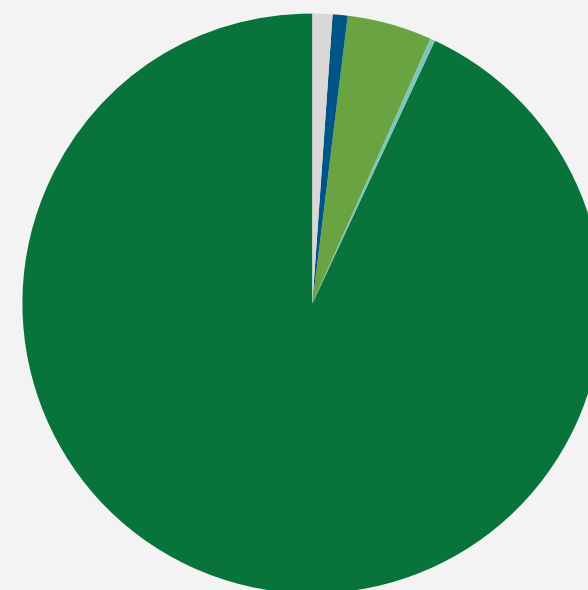
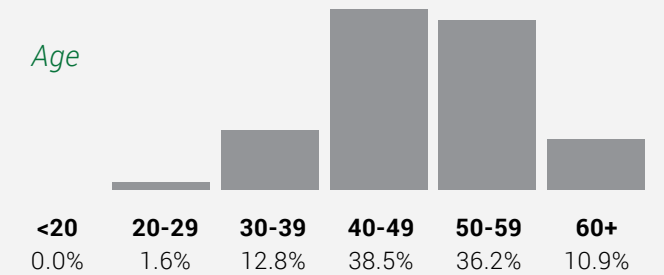


### QUANEX SUPERVISORS & ABOVE

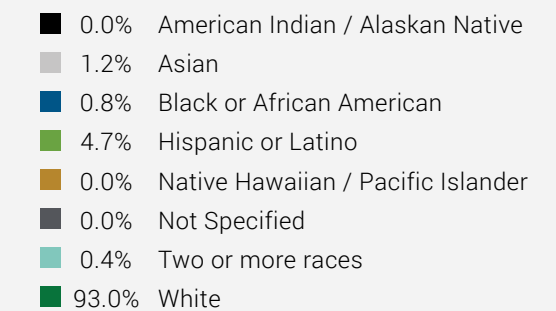
Gender



Age



Ethnicity





## DEFINING OUR COMMITMENT TO DIVERSITY, EQUITY & INCLUSION

In fiscal 2022, Quanex launched a Diversity, Equity, and Inclusion (DE&I) Council made up of volunteers from throughout the organization and led by our Chief Human Resources Officer. This team worked with our executive leaders to develop the organization’s vision for DE&I and to clarify and establish the ways in which Quanex will define certain DE&I terms.

**The overall Quanex DE&I vision and missions statement is as follows:**

**Vision:**

We commit to create an open, inclusive work environment in which all employees are empowered to be themselves and to grow as part of something bigger. We believe the diversity of our workforce makes us stronger — together.

**How We Will Achieve Our Vision:**

We create a sense of belonging through learning, communication, and opportunities for connection and growth.

**When discussing DE&I concepts and implementing DE&I initiatives; Quanex defines DE&I terms as follows:**

**Diversity:**

Any and all differences which help us form a perspective.

**Equity:**

- Being fair and impartial
- Balanced discussion between different stakeholders, giving employees at all levels equal consideration in discussions
- Everybody has something to contribute, giving proper consideration to all contributions
- Fair pay for equal work and consistent opportunity for advancement

**Inclusion:**

The achievement of a work environment in which all individuals are treated fairly and respectfully, have equal access to opportunities and resources, and can contribute fully to the organization’s success.



## WOMEN IN MANUFACTURING

In addition, the DE&I Council led the way for Quanex to become a corporate member of Women in Manufacturing (WiM), the only national trade association dedicated to providing year-round support to women who have chosen a career in the manufacturing industry.

*At Quanex, we hope to leverage the programming and networking provided by WiM to better support, grow, and recruit women in our workforce.*

The DE&I Council is also working to launch Employee Resource Groups, to communicate Quanex DE&I efforts both externally and to our employees, and to partner with HR on a pay equity analysis.

# INDEX DISCLOSURES

**SASB STANDARDS**  
**BUILDING PRODUCTS & FURNISHINGS**  
 Sustainability Accounting Standard  
 Version 2018-10

DISCLOSURE TOPIC	DISCLOSURE #	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	LOCATION AND RESPONSE
<b>ENERGY MANAGEMENT</b>	CG-BF-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Quantitative	Gigajoules (GJ), Percent %	(1) 539,419.9(GJ) (2) 42.4 % from grid electricity (3) 39.8 % renewable energy
<b>MANAGEMENT OF CHEMICALS IN PRODUCTS</b>	CG-BF-250a.1	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products.	Discussion and analysis	N/A	Quanex has an extensive Management of Change Program that requires any new chemical or raw material to be reviewed and approved by Safety Professionals and Manufacturing Professionals. Risks are evaluated based information from the Safety Data Sheet as well as a review of regulatory requirements for exposure and disposal of the materials.
	GG-BF-250a.2	Percentage of eligible products meeting volatile Organic compound (VOC) emissions and content standards	Quantitative	% by revenue	All cabinet components meet the California CARB and TSCA section VI (Wood Composite Products). No other products have been tested according to CDPH Standard Method v1.1, ANSI/BIFMA M7.1-2011, AgBB Method, EN 717-1:2004, or ISO 16000-6:2011.
<b>PRODUCT LIFECYCLE ENVIRONMENTAL IMPACTS</b>	CG-BF-410a.1	Description of efforts to manage product lifecycle impacts and meet demand for sustainable products	Discussion and analysis	N/A	As of the date of this publication, Quanex has not conducted any Lifecycle Assessments on any of its finished products.
	CG-BF-410a.2	(1) Weight of end-of-life material recovered (2) percentage of recovered materials recycled.	Quantitative	Metric tons, % by weight	At present, Quanex does not track the weight of end-of-life material recovered.
<b>WOOD SUPPLY CHAIN MANAGEMENT</b>	CG-BF-430a.1	(1) Total weight of wood fiber materials purchased, (2) percentage from third-party certified forestlands, (3) percentage by standard, and (4) percentage certified to other wood fiber standards, (5) percentage by standard	Quantitative	Metric tons (t), percentage (%) by weight	(1) 143,782 Metric Tons (2) 24.5% (3) SFI - Sustainable Forestry Initiative = 22.98%, PEFC - Programme for the Endorsement of Forest Certification = 1.38%, FSC - Forest Stewardship Council = 0.1%, ATF - American Tree Farm = 0.04% (4) 9.1% (5) RHP - Registered Harvest Plans (Local / State / Federal)
<b>ACTIVITY METRIC</b>	CG-BF-000.A	Annual Production	Quantitative	Typical units we track	149,717 Metric Tons
	CG-BF-000.B	Area of manufacturing facilities	Quantitative	Square meters	377,815 SQM

DISCLOSURE FOCUS AREA	DISCLOSURE DESCRIPTION	RESPONSE
<b>GOVERNANCE</b>  Disclose the organization's governance around climate-related risks and opportunities.	a. Describe the board's oversight of climate-related risks and opportunities.	Process in development.
	b. Describe management's role in assessing and managing climate-related risks and opportunities.	Process in development.



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