



POWELL

**2020 CORPORATE
RESPONSIBILITY REPORT**

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A MESSAGE FROM OUR CEO



“We are very proud of our people, our products, and the relationships we build with our customers who have come to expect the highest level of quality, service, and product reliability from our company.”

Powell is a leading supplier of custom-engineered solutions for the management, control and distribution of electrical energy. Powell is not simply a provider of hardware; we design and manufacture a wide range of integrated electrical solutions to support entire electrical infrastructures in the markets we serve. We are very proud of our people, our products, and the relationships we build with our customers who have come to expect the highest level of quality, service, and product reliability from our company.

At Powell we live by our core values: Customers First, Respect for Employees, Can-Do Attitude and Commitment to Improve. We recognize we must be responsible corporate citizens in the communities where we are located and where we make an impact. Our Corporate Responsibility Report will provide annual updates to important issues for all of Powell’s stakeholders, including:

- **Powered by Safety** – Everyone at Powell is guided by our Powered by Safety philosophy each and every day. We strive to create a safe working environment for our employees, contractors and customers. Our established policies and procedures result in recordable incident rates far below industry standard. Our flexible and adaptive COVID-19 response allows us to continue to serve essential businesses and customers, while keeping our employees safe and adhering to governmental and company health and safety guidelines.
- **Social Responsibility** - We take responsibility for fair working conditions, combating human trafficking, combating modern slavery, and upholding basic human rights. We have a zero tolerance policy when it comes to violations committed by our employees, our suppliers and our partners. We expect any supplier to have established, responsible policies and procedures as a condition of doing business with any Powell entity around the world.
- **Diversity**- Every one of Powell’s over 2,000 employees is critical to the success and growth of the company. With an average tenure of 10 years, our highly talented team members can advance throughout the organization to ensure challenging and fulfilling careers. We value the differences between people and the contribution these differences make to our business and customers, and we will continue to invest in our diverse team by recruiting, cultivating and promoting the best employees in our industry.
- **Integrity and Honesty in our Business Dealings** - Honesty, Integrity, and Ethical Behavior are ingrained in our corporate conscience and drive our commitment to live up to the highest level of standards and proper business conduct of any company in our industry. This is an initiative that starts with our Board of Directors and is shared by senior level executives, salaried employees and every new hire. Powell has an unwavering commitment to honesty and integrity; requirements that our board of directors operate within appropriate governing guidelines; annual training of our employees on proper ethics and business conduct; and reporting mechanisms such that any employee can report suspected ethics violations without fear of reprisal or retaliation.

Powell stands alone in the industry as a premier manufacturer of customized electrical distribution solutions, but, we stand with our communities and our external stakeholders to ensure that our business practices and operations respect our environment, embrace diversity, value employee contribution, and respect basic human rights and appropriate rules for business ethics and professional conduct.

Brett A. Cope
President & CEO
Powell Industries, Inc.

About Powell

Mission

We solve our customers' toughest problems.

Vision

Be the trusted long-term global partner to our customers by providing engineered, integrated electrical power solutions with strong application knowledge, superior execution and organizational responsiveness for critical processes and infrastructure.

Values

Customers First

Our customers represent our current success and remain vital to our future growth. These valued relationships drive our organization's behavior and generate our product and service innovations. We are a customer-focused company that respects, listens to and serves our clients. This attitude shapes our product and service offerings into world class system solutions that set new industry standards beyond our competition. Our ability to respond quickly to customer needs while maintaining flexibility is essential to our business model. Customer satisfaction is the focal point that guides our daily actions. We truly understand that owning the customer relationship at all levels of Powell is paramount.

Respect for Employees

We achieve more than we can imagine through hard work and devotion of our great people. Our employees convey the voice of the customer throughout our company. Their passion ignites our ability to innovate and create system solutions. Our expertise and capabilities reside with each dedicated individual who collectively form the Powell team. We serve and respect each other from top to bottom. We understand that our customers' perception of Powell starts when they walk through our doors. Therefore, it is our honorable duty to take pride in our facilities, appearance and daily actions.

Can-Do Attitude

Our can-do spirit symbolizes who we are; a world class manufacturer that embraces complexity through our custom-engineered solutions. We view daily challenges as opportunities to excel. We don't pass the buck...we solve problems. Our collaborative nature generates solutions, not stalemates or barriers to satisfying our clients. Our collective goal is to "make it right" for our customers. Hard work, teamwork and passion epitomize the Powell way while creating an invigorating atmosphere. We are different from our competition, and while we respect their capabilities, we take pride in our consistent ability to outperform them.

Commitment to Improve

Our commitment to continually improve our single-source philosophy is steadfast and creates a significant barrier from competitors duplicating our proven model. We love to innovate and this maverick spirit has produced world class products, services, processes and safety solutions. This continues to be our catalyst for growth. Our valued suppliers are partners in this effort. We are proud of our past and confident in who we are. Our past performance is a sound foundation for our future.



Powered by Safety

Powell is driven by safety and leads as an innovator and industry leader in bringing safety-related features to our customers. At the core of our business our custom-engineered solutions and products provide a safer working environment for our customers as they operate and maintain the equipment we provide. With our product development efforts, we push the envelope of what is possible. At Powell we know and understand the concerns of engineers, operators, maintenance technicians, employees, and suppliers.

This commitment to safety doesn't end with our customers, we strive to create the safest environment possible for our employees. Powell promotes a culture where Stop Work Authority is exercised freely and is valued as a proactive process to control HSE risks and impacts. We integrate HSE and social considerations in our business decisions, plans and operations to ensure the safety of our employees, our customers, our visitors and those around them.

Powell emphasizes a culture of safety that permeates the Company. We establish annual goals and monthly operational metrics, which have resulted in a safety incident rate that is one-half the industry average across Powell.

.48

**Total Recordable Incident Rate
(TRIR) FY2020 All Divisions**



Response to COVID-19

With the ongoing spread of the 2019 novel coronavirus disease (COVID-19), we are facing an unprecedented, rapidly evolving challenge. The health and safety of our employees, customers and business partners is our primary concern and as such, we are implementing best practice guidance from governmental agencies and health authorities to ensure the health and safety of our employees, customers and business partners.

Throughout this crisis, Powell's management team has met to identify and implement additional steps to protect the health and safety of our more than 2,000 employees and their families and to support our customers' and business partners' needs.

Some of the actions we are taking to protect Health & Safety, include the following:

- Communicating with our supply base
- Enforcing enhanced safety and best practice sharing
- Promoting increased social distancing practices
- Limiting customers, suppliers and guests at our facilities to those with an essential business need only
- Postponing or cancelling events and face-to-face meetings that involve large groups of people both internally and externally
- Enhancing cleaning in our facilities
- Increasing employee communication and training
- Implementing business continuity plans

Social Responsibility

Human Rights

Respect for human rights is a fundamental value of Powell Industries Inc. We strive to respect and promote human rights in accordance with the UN Guiding Principles on Business and Human Rights in our relationships with our employees, suppliers and customers. Our aim is to help increase the enjoyment of human rights within the communities in which we operate.

We use due diligence as a means to identify and prevent human rights risks to people in our business and value chain. Where we have identified adverse human rights impacts resulting from or caused by our business activities, we are committed to provide for, or cooperate in, their fair and equitable remediation. We seek to promote access to remediation where we are linked to or involved in those adverse impacts through our relationships with third parties.

Conflict Minerals

Powell supports respect for human rights, fair labor practices and humane working conditions. We are not a direct buyer of Conflict Minerals from these sources, but are working with our suppliers to understand the possibility of having Conflict Minerals in products that Powell purchases and uses in its business. Tracing the origin and chain of custody of Conflict Minerals throughout a global supply chain is a complex process. This can only be accomplished with the cooperation and support of a vast number of industries and public and private stakeholders. To this end, Powell expects our suppliers to undertake reasonable due diligence with their supply chains to assure that minerals are only acquired from responsible sources.

Anti-Slavery and Human Trafficking

Wherever we do business around the world, Powell is committed to conducting that business with honesty and integrity by treating all people with dignity and respect and complying with applicable laws, regulations and treaties. Powell considers our supply base as a direct extension of our Company – one that projects our core values of Customer First, Respect for Employees, a “Can-Do” Attitude and a Commitment to Improve. Through collaboration with our business partners, we enhance supplier relationships to create a sustainable supply chain in compliance with all laws and regulations.

Powell is also committed to protecting and promoting human rights globally. Powell does not tolerate illegal child labor, forced labor, or any use of force or other forms of coercion, fraud, deception, abuse of power or other means to achieve control over another person for the purpose of exploitation. Powell respects international principles of human rights including, but not limited to, those expressed in the United Nations (UN) Universal Declaration of Human Rights, and the UN Guiding Principles on Business and Human Rights, the International Labor Organization’s Fundamental Conventions, the US Victims of Trafficking and Violence Protection Act, US Forced Labor prohibitions, the UK Modern Slavery Act, and the California Transparency in Supply Chains Act. These principles and commitments are embodied in the way Powell does business. Powell strives to comply with the laws of every country in which it operates and expects those with whom it does business to do the same. Powell is in the process of formalizing policies and procedures to directly address prevention of human trafficking and slavery in our supply chain.

Our People

Talent

Powell's success is a direct result of our team of over 2,000 global employees and their efforts. To cultivate their talents and ensure they have fulfilling careers, we have a robust talent management process. All salaried employees receive performance reviews to facilitate discussions on expectations and achievements. An annual goal deployment process is leveraged across the organization to align top organizational goals and cascade them throughout the workforce to ensure employees understand how their roles and actions affect organizational goals. This drives focus on key actions and deliverables.

We believe that internal promotion and key employee retention are critical components to our long-term success. The average tenure of our employees is 10 years. Our annual Capabilities Review Process is focused on succession planning within our organization and is reviewed annually by our Board of Directors. We measure our success based on the percentage of internal promotions to key positions and our ability to attract and retain key employees.

Diversity

Powell recognizes the value inherent to a diverse workforce and an inclusive work environment: more holistic and grounded decision making, higher performance, more innovation, greater employee engagement, and enhanced market reputation.

At Powell we value the differences between people and the contribution these differences make to our business.

Our diversity and inclusion programs aim to develop an open and inclusive workplace that enhances diverse thinking for the purpose of employee engagement and better meeting of our client needs. We actively encourage diversity and inclusion, by utilizing the differences that exist, to improve our business and actively seek to support the unique needs of many employees. Our workforce should reflect the societies where we do business and represent the many and varied cultures of the markets we serve. So we have to be committed and make continuous improvements in order to be an employer of choice for all our people around the world.

Above all, in line with the Powell value of respect for each other, we are committed to ensuring that all employees feel valued, included and are treated with respect and dignity – it is a business need and our responsibility.

Community

Powell has a rich community life that promotes giving back to the communities where we operate. Powell gives back to the community through initiatives such as charitable donations, food and toy drives, scholarship programs, volunteer events, blood drives and employee fundraising.



Approximately 2,000 Employees

61% Diverse
(excludes gender segmentation)

79% Male

21% Female

Governance

Powell is committed to maintaining the highest level of corporate standards and business ethics throughout every division in our organization. Formal policies and procedures are in place to provide training and guide us in our daily business operations and interactions with our customers and other key stakeholders. These policies provide direction and enforcement of our corporate code of conduct for all employees.

Governance Highlights

- Majority independent board
- 100% independent board committees
- All Directors are subject to election by our public stockholders
- Our Committee Charters and Corporate Governance Principles are reviewed annually
- The independent directors meet regularly without management present
- The board and its committees conduct annual self-evaluations
- The board engages in succession planning in the event of an unplanned vacancy in the chief executive officer position
- Our directors have full and free access to management, all company personnel, locations, outside advisors, attorneys, and consultants
- The board has adopted stock ownership guidelines for non-employee directors
- Upon initial appointment, new directors participate in an orientation program that includes presentations by management and previous standing directors to familiarize new directors with the company's strategic plans, significant financial and risk management issues, compliance programs, code of ethics, management, internal and external auditors.

Ethics & Anti-Corruption

Powell has adopted a formal Anti-Bribery & Corruption Policy that sets out the framework for the prevention, detection and elimination of all forms of corrupt practice in the conduct of business of Powell so that the principles of ethical conduct remain embedded in its corporate culture.

Compliance Hotline/Ethics

An ethics hotline is available 24 hours a day, seven days a week at (877) 217-4661 or online at <https://powellind.ethicspoint.com>. The hotline is an independent reporting service and is available for all Company employees, contractors, suppliers and agents. Submissions may be made anonymously. Retaliation for reporting violations or concerns of Powell's Ethics and Code of Conduct policy is expressly forbidden. Calls to the ethics hotline received by the third-party are forwarded for immediate review and action as required.

75%

Board Independence

\$0

Monetary losses as a result of legal proceedings associated with bribery or corruption.

\$0

Monetary losses as a result of legal proceedings associated with anticompetitive behavior

Governance

Code of Conduct

Powell's reputation is earned every day. It is earned through the products, solutions and services we provide and equally important by our conduct. What we say, and the way we act and treat others is critical to our success, reputation and brand.

Our core values, of **Customers First, Respect for Employees, Commitment to Improve, and Can-Do Attitude**, are fundamental to who we are and how we operate as a corporation. They not only define us, they are the key to our future – building bridges of trust with customers and coworkers.

As conscientious citizens and employees, we want to do what is right. For Powell, and its global operations, this is the only way to do business. That is why at Powell, we encourage every employee to read and understand our Code of Business Conduct and Ethics.

Our Code not only sets clear ethical standards in critical areas, it also explains how we should conduct ourselves when acting on behalf of the company. For instance, our Code makes it clear that Powell has zero tolerance for corruption, and we encourage employees to step forward and speak up if they suspect actions are unlawful or behavior is inconsistent with our values and expectations.

Data Privacy

The Company is committed to being transparent about how it collects and uses the personal data of its workforce, and to meeting its data protection obligations. This policy sets out the Company's commitment to data protection, and individual rights and obligations in relation to personal data.

This policy applies to the personal data of job applicants, employees, contractors and former employees, referred to as HR-related personal data. We do not routinely collect Personally Identifiable Information (PII) from customers or other PII processed for business purposes. We are committed to privacy protections and compliance with applicable privacy regulations.

Powell Industries complies with the EU-U.S. Privacy Shield Framework (Privacy Shield) as set forth by the U.S. Department of Commerce regarding the collection, use, and retention of personal information transferred from the United Kingdom to the United States in reliance on Privacy Shield. Powell Industries has certified to the Department of Commerce that it adheres to the Privacy Shield Principles with respect to such information. If there is any conflict between the terms in this privacy policy and the Privacy Shield Principles, the Privacy Shield Principles shall govern. To learn more about the Privacy Shield program, and to view our certification, please visit <https://www.privacyshield.gov/>.

Strategic Sourcing

Powell requires all of our suppliers to adhere to and comply with all applicable laws and compliance requirements as part of normal business operations and as a condition of doing business with Powell. Suppliers are required to comply with ethical standards and applicable laws relating to; anti-discrimination, work-place safety and health, foreign corrupt practices, conflict minerals, forced labor and human trafficking, fair treatment of workers, child labor, and unfair labor practices. These requirements are attached to all Powell purchase orders issued and are prescriptive.

At Powell, we track and promote suppliers with diversity certifications based on the following categories: Minority Owned (MBE), Women Owned (WME), LGBT owned, Disabled Owned, Veteran Owned, Service-Disabled Veteran Owned (SDVOB), and HUB Zone businesses.

Powell actively pursues local content providers, close to our factories-of-origin, to ensure a reliable and consistent supply chain of critical materials and components used in our manufacturing and assembly processes. As a result of these efforts, over 90% of the material needs for our US and Canada based manufacturing facilities were strategically sourced within the US and Canada.

Powell's sourcing strategy for our UK based operations has resulted in over 90% of materials being supplied from sources within the UK and the European Union.

Over 90%

Local content supply base for Powell's US and Canadian based facilities

Over 90%

UK/EU based suppliers for Powell's UK based operations.

Environmental Responsibility

Powell recognizes that environmental responsibility has a critical role in the long-term success and viability of our company. Powell is committed to respecting environmental protocols throughout its operations as we deliver the best engineered equipment to our customers. In our core values we commit to improve as a company and that promise is reflected in our evaluation of our environmental practices.

Natural Resources

Powell monitors the consumption of resources across all global facilities in order to implement the best conservation practices and identify opportunities for further energy conservation.

Natural Gas

85,415 (MMBtu)

Electricity

25,939 (Mwh)

Water

11,161,587 (gallons)

Recycled scrap steel

5,585,054 (pounds)

Recycled scrap copper

584,574 (pounds)

Recycled scrap aluminum

367,689 (pounds)

Calendar Year 2020 includes all divisions



SASB Reporting

Standards and References

The basis for this corporate responsibility report was based on the Sustainability Accounting Standards Board (SASB), for Electrical & Electronic Equipment, Sustainability Industry Certification System® (SICS®) RT-EE, dated October 2018.

SASB Terminology, Definitions, Codes, Powell FY2020 Data

Topic	Accounting Metric	Unit of Measure	Code	Powell FY2020
Energy Management	(1) Total Energy Consumed, (2) percentage grid electricity, (3) percentage renewable	Gigajoules (GJ) Percentage (%)	RT-EE-130a.1	93,380 GJ consumed, with 100% sourced from electrical grid
Hazardous Waste Management	Amount of hazardous waste from manufacturing, percentage recycled	Metric tons (t) Percentage	RT-EE-150a.1	31.1 Metric Tons, 5% Recycled *Waste Category Definition: UW - 30TAC 335.262
Hazardous Waste Management	Number of aggregate quantity of reportable spills, quantity recycled	Number (x), Kilograms (kg)	RT-EE-150a.2	0 kg
Materials Sourcing	Description of the management of risks associated with the use of critical materials (a material that is both essential in use and subject to the risk of supply restriction)	Discussion and Analysis	RT-EE-440a.1	Please reference discussion and analysis on page 9 in Powell's 2020 Corporate Responsibility Report.
Business Ethics	Description of policies and practices for prevention of: (1) corruption and bribery and (2) anti-competitive behavior	Discussion and Analysis	RT-EE-510a.1	Please reference discussion and analysis on page 8 in Powell's 2020 Corporate Responsibility Report.
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	Reporting Currency	RT-EE-510a.2	\$0 (USD)
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	Reporting Currency	RT-EE-510a.3	\$0 (USD)
Employee Health and Safety	Total Recordable Incident Rate (TIRR) and Near Miss Frequency Rate (NMFR)	Rate	RT-IG-320a.1	0.48 TRIR (FY2020) NMFR = 3.5 (FY2020)
Number of Employees		Number	RT-EE-000.B	2,016 employees as of September 30, 2020