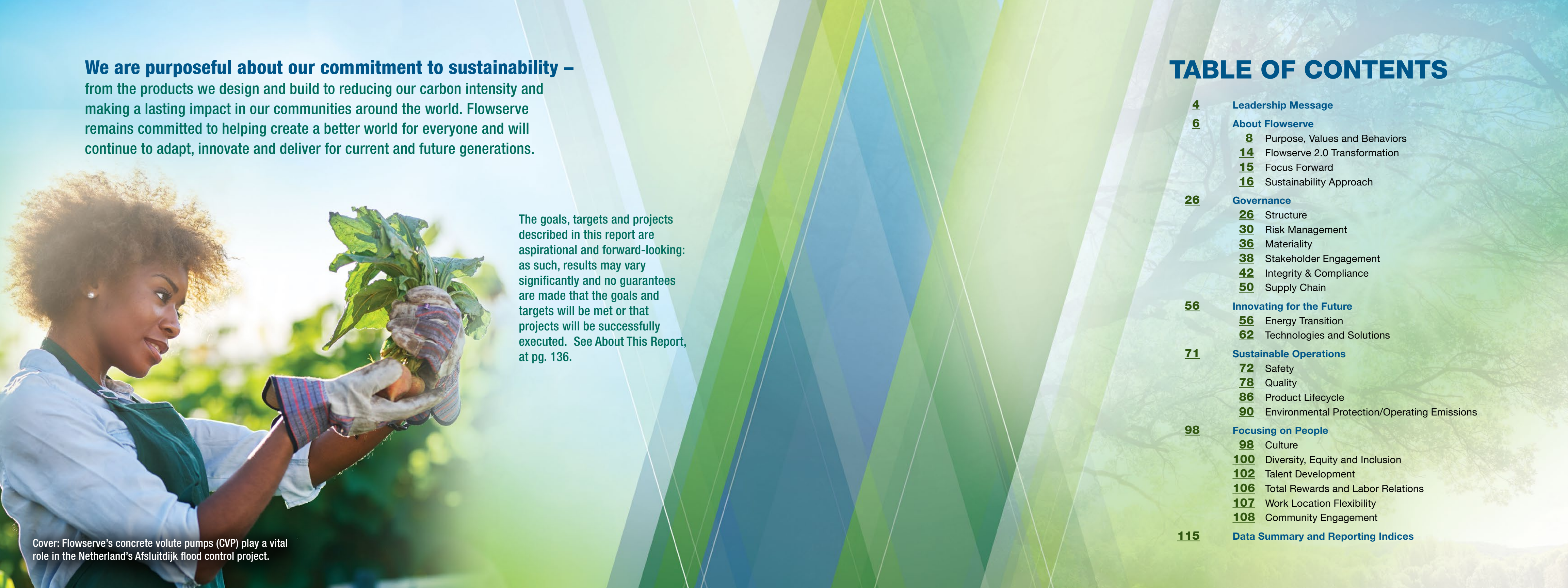


The background of the entire page is an aerial photograph of a large dam and a multi-lane highway. The dam is a long, low structure with several spillways, situated between two bodies of water. The highway runs parallel to the dam on the right side. The image is overlaid with several semi-transparent green geometric shapes, including triangles and lines, creating a modern, architectural feel.

# **2020 ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT**

FOCUSING FORWARD FOR  
A SUSTAINABLE FUTURE



**We are purposeful about our commitment to sustainability –**  
from the products we design and build to reducing our carbon intensity and making a lasting impact in our communities around the world. Flowserve remains committed to helping create a better world for everyone and will continue to adapt, innovate and deliver for current and future generations.

The goals, targets and projects described in this report are aspirational and forward-looking: as such, results may vary significantly and no guarantees are made that the goals and targets will be met or that projects will be successfully executed. See About This Report, at pg. 136.

# TABLE OF CONTENTS

<b>4</b>	<b>Leadership Message</b>
<b>6</b>	<b>About Flowserve</b>
<b>8</b>	Purpose, Values and Behaviors
<b>14</b>	Flowserve 2.0 Transformation
<b>15</b>	Focus Forward
<b>16</b>	Sustainability Approach
<b>26</b>	<b>Governance</b>
<b>26</b>	Structure
<b>30</b>	Risk Management
<b>36</b>	Materiality
<b>38</b>	Stakeholder Engagement
<b>42</b>	Integrity & Compliance
<b>50</b>	Supply Chain
<b>56</b>	<b>Innovating for the Future</b>
<b>56</b>	Energy Transition
<b>62</b>	Technologies and Solutions
<b>71</b>	<b>Sustainable Operations</b>
<b>72</b>	Safety
<b>78</b>	Quality
<b>86</b>	Product Lifecycle
<b>90</b>	Environmental Protection/Operating Emissions
<b>98</b>	<b>Focusing on People</b>
<b>98</b>	Culture
<b>100</b>	Diversity, Equity and Inclusion
<b>102</b>	Talent Development
<b>106</b>	Total Rewards and Labor Relations
<b>107</b>	Work Location Flexibility
<b>108</b>	Community Engagement
<b>115</b>	<b>Data Summary and Reporting Indices</b>

Cover: Flowserve’s concrete volute pumps (CVP) play a vital role in the Netherlands’ Afsluitdijk flood control project.

# LEADERSHIP MESSAGE

For more than two centuries, Flowserve has provided safe, reliable products and services that power cities, control flood waters, produce clean drinking water and more. We have made it our purpose to create extraordinary flow control solutions to make the world better for everyone.

As a part of our purpose, we are invested in supporting and solving the environmental and social issues we face today and tomorrow. Whether it's through enhancing the safety of our operations, reducing our environmental footprint, enabling energy transition or making a difference through our community impact program, Flowserve Cares – we are purposeful about sustainability.

2020 brought unprecedented health and economic challenges to people and businesses everywhere. Despite responding to COVID-19, a market downturn and uncertain geopolitical climates, we kept our associates safe, performed for our customers and contributed to the communities where our associates live and work around the globe.

Our people, especially our frontline workers, continued to provide vital flow control products and services to keep the world running. I'm immensely proud to highlight the following accomplishments from 2020:

- Achieved record safety performance, including in our pandemic-related protocols
- Launched more than 20 new or improved products enhancing our already broad portfolio of products and services
- Set an ambitious target to reduce carbon emission intensity by 40% by the year 2030
- Focused on social justice and change through financial support and volunteerism efforts

- Offered work location flexibility to continue to foster an environment that embraces differences and is inclusive of global work styles and preferences
- Partnered with local organizations to help communities impacted by COVID-19, including Social Impakt to deliver clean water filtration in Bali

As we turn the corner in 2021, we are focused forward and have set clear priorities to:

- Support our customers today and become a leader in enabling our customers through the energy transition of the future
- Enhance our position on environmental, social and governance (ESG) issues by reducing our carbon emissions and helping our customers do the same through our innovative solutions; maintaining a safe workplace; and continuing to foster a culture of diversity, equity and inclusion among our associates and our Board of Directors
- Continue to provide an unparalleled experience to our customers through innovation, new product development and enhanced offerings including through our newly launched RedRaven IOT (Internet of Things) digital platform

Together, with our customers, partners and suppliers, we will continue to focus on our ESG program and to do our part to make the world better for current and future generations.



Scott Rowe  
President and CEO

“**Together, with our customers, partners and suppliers, we will continue to focus on our ESG program and to do our part to make the world better for current and future generations.**”

—Scott Rowe  
President and CEO



# ABOUT FLOWSERVE

## COMPANY OVERVIEW

Flowserve is a leading comprehensive flow control solutions provider, driven to building a more sustainable future and making the world a better place.



15,600+ Associates

Our more than 15,600 associates work together to support global infrastructure industries, including oil and gas, chemicals, power generation, water management, carbon capture and general industry, which provides an extensive portfolio of pumps, valves, seals, automation and aftermarket services.



50+ Countries

With operations in more than 50 countries, we provide our customers with localized support through our global expertise.



222 Facilities

Our 222 facilities, including both manufacturing sites and a network of global Quick Response Centers (QRCs), not only work to manufacture our parts safely and with the highest quality, but also offer our customers a broad array of aftermarket services, including installation, advanced diagnostics, repair and retrofitting.



10,000+ Customers

We are committed to supporting our more than 10,000 customers, which includes leading engineering, procurement and construction (EPC) firms, original equipment manufacturers and distributors.



\$3.7B in Sales

\$250M in Operating Income

Collectively, we delivered \$3.728 billion in sales and \$250 million in operating income.



# OUR PURPOSE

## WHY WE ARE HERE

At Flowserve, we come to work each day to deliver on a purpose that's bigger than ourselves.

Together, we are driven by our purpose to create extraordinary flow control solutions to make the world better for everyone – for our customers, our associates, our shareholders and our communities.

From providing fresh drinking water and controlling flood waters to reducing carbon emissions and increasing energy efficiency, we are more than just a flow control company. Our products and services are making a difference both locally and globally and truly making the world better for everyone.

TOGETHER, WE CREATE  
EXTRAORDINARY  
FLOW CONTROL SOLUTIONS  
TO MAKE THE  
WORLD BETTER  
FOR EVERYONE.

From providing fresh  
drinking water to reducing  
carbon emissions, our  
products and services  
are making a difference  
around the world.



# OUR VALUES

## OUR GUIDING PRINCIPLES FOR HOW WE ACHIEVE OUR PURPOSE

We accomplish our purpose by aligning our mindset around six guiding principles.



**Trust and value each other.**

Develop each other, embrace differences, respect one another and create a collaborative team culture. The collective energy of our people sets us apart from our competitors.



**Create safe workplaces and products for our employees, customers and communities.**

Embrace Flowserve’s safety rules and hold each other accountable. We do this for ourselves, our customers, our partners and the communities we serve.



**Do the right thing, always.**

Act ethically and transparently toward associates, customers and shareholders in accordance with the Flowserve Code of Conduct. Be consistently open, honest and trustworthy.



**Be empowered with a mindset to do things differently.**

Take risks and learn from mistakes. Leverage and expand our knowledge to bring the best products and services to market. Achieve this through creativity, modernization and ingenuity.



**Be accountable for your commitments and do what’s best for our company and customers.**

Take the initiative to own your work and follow through on your commitments to achieve results that exceed expectations.



**Show passion for continuous improvement.**

Perform ambitiously with dedication and enthusiasm to deliver outstanding products, services and business results.



Our behaviors drive many of the programs and initiatives at Flowserve, which celebrate and promote diversity, career development and outstanding performance.

## OUR BEHAVIORS

### THE ACTIONS WE TAKE TO LIVE BY OUR VALUES

Our behaviors shape the actions and decisions we make on an everyday basis to help meet our purpose and live by our values.



## FLOWSERVE 2.0 TRANSFORMATION

In 2018, we launched our Flowserve 2.0 transformation initiative – a program designed to drive operational excellence, improve our customer experience, reduce complexity, accelerate growth, expand margins, increase capital efficiency and improve organizational health. Since then, we’ve made substantial progress on these goals and made a positive shift in the way we think, act and operate to better position Flowserve for future success.

In 2020, our Flowserve 2.0 operating model enabled us to respond efficiently to changing business conditions created by the COVID-19 pandemic, as well as further operationalize our sustainability strategy across our global business. Today, as we complete our Flowserve 2.0 transformation and embed our transformational processes and discipline deep in our business and functions, we are well positioned to better serve our customers and capitalize on new market opportunities, including those related to energy transition, to make the world better through our extraordinary flow control solutions.

**As we look to the future,  
we are focused forward  
on the opportunities  
ahead of us.**

## FOCUS FORWARD

As we look to the future, we are focused forward on the opportunities ahead of us. As the world turns to more renewable forms of energy and energy conservation to address our global climate crisis, we are focused not only on continuously improving our operations to minimize our own environmental footprint, but also on enabling our customers to advance their sustainability goals. We have no doubt that through the breadth of our product portfolio, suite of services and spirit of innovation, we will continue to provide unparalleled service to our customers while building a more sustainable future for generations to come.

# SUSTAINABILITY APPROACH

Flowserve is committed to our purpose of making the world better, together. We do this by addressing environmental, social and governance (ESG) areas through our sustainability program, which has three key objectives – valuing our people, protecting the planet and promoting operational excellence.

Our approach to sustainability is grounded in our core values and operating behaviors. Our sustainability program is comprised of three key pillars – People, Planet and Operational Excellence – and supported by sub-tier areas that enable greater focus on advancing our commitments.

**People** – Addresses our culture and how we support our associates and contribute to the communities where our team members live and work.

**Planet** – Focuses on reducing our environmental footprint and creating/advancing technology and solutions that support the energy transition.

**Operational Excellence** – Promotes strong leadership and governance and drives efficient business execution and innovation.

We strive to operate in an ethical and socially responsible manner and strive to continuously improve our sustainability efforts and operations by:

- Fostering a work environment that supports health and safety as well as diversity, equity and inclusion
- Increasing energy efficiency, reducing carbon emissions, conserving water and reducing waste
- Engaging with customers, communities, governments and the public in an ethical and socially responsible manner
- Partnering with suppliers who share the same commitment to ethics, human rights and environmental stewardship



- Providing superior products and services to advance environmental and societal improvement and progress
- Maintaining a strong governance structure to manage risks and capitalize on market opportunities
- Tracking social and environmental metrics to gauge our progress toward fulfilling this commitment
- Sharing sustainability metrics data with stakeholders as we seek to continually improve our performance

By taking these actions, we promote the well-being and prosperity of people, the planet and our business.

## CARBON REDUCTION TARGET

As part of our commitment to sustainability, Flowserve set a carbon reduction target to reduce operating carbon intensity 40% by 2030, using 2015 as a baseline year.

We aim to reduce combined direct (Scope 1) and indirect (Scope 2) carbon emissions of 29.4 Tonne CO<sub>2</sub>-equivalent (CO<sub>2</sub>e) per million USD dollars in sales revenue in 2015 to 17.4 Tonne CO<sub>2</sub>e or lower by 2030. We plan to meet this target through energy efficiency improvements, renewable energy project development and other measures to offset our greenhouse gas emissions.

As of December 31, 2020,  
Flowserve has **achieved 57%**  
of the 2030 carbon reduction target.

TRUST AND VALUE EACH OTHER.



## PEOPLE

During 2020, our people-first philosophy drove our response to the COVID-19 pandemic, as we developed a comprehensive pandemic response plan that included safety precautions to prevent spread and contact tracing procedures to isolate affected personnel. We implemented a work-from-home policy for all associates who were able to do so to promote the safety of our employees.

We diligently monitor the local and global impacts of the virus and continue to keep our team members informed of critical updates and changes through weekly communications and an internal website dedicated to COVID-19. Additionally, we continue to make operating decisions that prioritize the safety and well-being of our people.



## UNITED NATIONS GOALS ALIGNMENT

In 2015, the United Nations developed 17 Sustainable Development Goals (SDG) to end poverty, protect the planet and improve the lives and prospects of the global population. Flowserve's flow control solutions, core values and employee actions support many of the SDGs – from education to sustainable practices and economic growth. In alignment with the SDGs, we will continue to refine our operations, products and services to help promote a more sustainable future.

**4** QUALITY EDUCATION



### SDG 4 QUALITY EDUCATION

This goal seeks inclusive, equitable and lifelong learning for all. Flowserve's community impact program, Flowserve Cares, promotes this goal through its support of multiple at-risk youth and science, technology, engineering and math (STEM) educational programs. Through these efforts, we help provide opportunities for youth who need greater access to quality education.

**6** CLEAN WATER AND SANITATION



### SDG 6 CLEAN WATER AND SANITATION

Flowserve is committed to increasing water-use efficiency in our operations. We use process improvement methodologies such as Lean Six Sigma to improve operating efficiency and reduce water use. As a result, many of our manufacturing facilities recycle process water in closed-loop product test systems to minimize freshwater use. Additionally, Flowserve supports the World Business Council for Sustainable Development's initiative to provide safe water, sanitation and hygiene (WASH) at all of our facilities.

Flowserve products and services are employed globally to help meet society's need for fresh water. We have been a leader in seawater desalination since it was commercialized on a large scale. Flowserve equipment is installed in 90% of the

world's desalination plants and two-thirds of seawater reverse osmosis (SWRO) projects operate with our pumps and energy recovery devices (ERDs).

**7** AFFORDABLE AND CLEAN ENERGY



### SDG 7 AFFORDABLE AND CLEAN ENERGY

Among the many industrial applications our equipment and services support, we continue to advance technologies that will help meet the current and future demand for affordable and reliable energy. Our products support numerous power

generation technologies, including conventional steam, combined cycle, nuclear, geothermal, biomass and concentrated solar power. For processes that generate greenhouse gases, our products support carbon capture, utilization and storage (CCUS) technologies that control these emissions. From initial pump selection and design to aftermarket support, Flowserve is committed to meeting and exceeding CCUS customer design requirements.

The transition to cleaner forms of energy, or energy transition, is an important element of our growth strategy that will influence future innovation, investment and product development. By helping our customers reduce their carbon emissions and improve energy efficiency, as well as our own, we seek to build a cleaner and more sustainable future.

**8** DECENT WORK AND ECONOMIC GROWTH



### SDG 8 DECENT WORK AND ECONOMIC GROWTH

Targets within SDG 8 include actions to achieve higher levels of economic productivity through diversification, technological upgrading and innovation and the decoupling of economic growth from environmental degradation. Our focus on

developing technology to increase energy efficiency, reduce air emissions and support the transition to less carbon intensive energy production help to drive society toward these targets.

**9** INDUSTRY, INNOVATION AND INFRASTRUCTURE



### SDG 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

This goal encourages the development of quality, reliable, sustainable and resilient infrastructure to support economic development and human well-being, with a focus on affordable and equitable access for all. Among other

infrastructure needs, management of flood hazards is a major concern for many who live and work in low-land areas – particularly areas of rising sea level. Flowserve is a world leader in the manufacturing of large-scale flow control equipment to protect flood-prone areas.

**10** REDUCED INEQUALITIES



### SDG 10 REDUCE INEQUALITIES

This UN goal calls for the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status, by

eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and actions.

Flowserve's core values include a commitment to develop each other, embrace differences, respect one another and create a collaborative team culture. Our values are supported by our Code of Conduct and training programs promoting inclusion. Our diversity of thought, background and experience are a powerful catalyst for success and inclusion. We are fully committed to building and sustaining Diversity, Equity and Inclusion (DE&I) throughout the enterprise.

**11** SUSTAINABLE CITIES AND COMMUNITIES



### SDG 11 SUSTAINABLE CITIES

One of several target objectives related to the sustainable cities goal is reducing the effect of natural disasters, especially on vulnerable people. Throughout the world, cities are coping with the COVID-19 pandemic and its lasting impacts. The

pandemic threatens cities and communities, endangering not only public health, but also the economy and the fabric of society.

Flowserve products supported vaccine development and production to mitigate the effects of the pandemic on people and the economy. Additionally, Flowserve has assisted in distributing vaccines to people in underdeveloped areas by partnering with local organizations in some areas where we operate around the world.

In addition, Flowserve products are critical to helping vulnerable cities implement flood control solutions to protect against natural disasters and climate change as discussed below under SDG 13.

**12** RESPONSIBLE CONSUMPTION AND PRODUCTION



### SDG 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

This UN goal advances several targets to promote responsible consumption and production, including efficient natural resource use and waste recycling. Flowserve is committed

to natural resource conservation and waste minimization throughout its global operations. Based on sales revenue, Flowserve's waste generation intensity has decreased 49% since 2013. Over 70% of materials discarded from the manufacturing process are recycled or reused. We recycle pump test water to minimize freshwater use. Our aftermarket services help customers maximize the service life of their flow control equipment and reduce replacement frequency. We also provide services and training to customers to extend the lifetime of our products. When equipment replacement becomes necessary, discarded equipment is compatible with existing ferrous and non-ferrous metal recycling markets.

## 13 CLIMATE ACTION



### SDG 13 CLIMATE ACTION

The Climate Action goal includes strengthening resilience and adaptive capacity to climate-related hazards and natural disasters in all countries. Flowserve products improve society's ability to adapt to climate-related hazards, including potential impacts associated with rising sea level, more frequent and/or severe weather events and drought.

Flowserve engineers design and manufacture custom large-scale pumps and valves for seawater flood management projects around the world. Whether it's the daily security of a major city or the ongoing reclamation of a nation's lowland, Flowserve's equipment and engineering tackle some of the world's toughest water management challenges.

## 16 PEACE, JUSTICE AND STRONG INSTITUTIONS



### SDG 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Flowserve business practices are governed by our Code of Conduct (Code), which requires ethical and socially-responsible behavior from all employees as well as our Board of Directors. We have a zero-tolerance policy for corruption and bribery in any form and the Code provides guidelines to identify and address potential ethical issues in an expeditious manner.

We expect the same level of ethical and socially responsible behavior from our supply chain, as detailed in the Supplier Code of Conduct (Supplier Code). Flowserve prohibits forced labor, child labor and human rights abuses and contractually reserves the right to terminate any supply chain contract for violation of the Supplier Code. The company monitors supplier compliance through a set of audit processes.

Flowserve is committed to a conflict-free supply chain that aligns our worldwide supplier network with our Conflict Minerals policy. Our expectations and requirements are communicated in our Supplier Code, our terms and conditions with suppliers and our purchase order agreements.

**Flowserve is committed  
to working toward a  
conflict-free supply chain  
by aligning our worldwide  
suppliers with our  
Conflict Minerals policy.**



# SPOTLIGHT STORY

## BIODEGRADABLE PLASTICS FOR A CLEANER FUTURE

Flowserve's vacuum pumps are being used in Kanghui Petrochemical Company Ltd.'s production of PBS (Polybutylene Succinate), a biodegradable plastic. Biodegradable plastics not only help reduce our level of waste, but they also potentially reduce the level of greenhouse gas emissions, consume less energy and reduce carbon emissions – providing an alternative product for global sustainability efforts.

# GOVERNANCE

## STRUCTURE

At Flowserve, we are driven by our purpose to create extraordinary flow control solutions to make the world better for everyone, including our customers, employees, shareholders and the communities in which we operate. Our sustainability program is one of the core components of who we are and how we drive our business strategy to achieve this purpose.

Oversight of the company’s governance practices is fundamental to our sustainability efforts and is a key responsibility of the Board of Directors. The Board conducts an in-depth annual strategic review with key members of our management team and then performs a continuous review of our business strategy throughout the year. The Board also receives periodic updates from management on the company’s strategic and annual operating plans and provides appropriate guidance regarding the company’s strategy, including customer sustainability, development, manufacturing optimization, product development and large project pipeline with management. Additionally, the Board hears regularly from financial advisors, other relevant third-party advisors and external thought leaders regarding our business.

Generally, at least once per year, Board members also visit one or more of our facilities around the globe where they can see and experience first-hand how we operate, monitor and review improvements that have been implemented to our manufacturing process and engage with certain non-executive employees during Board meetings and other events with whom they may not otherwise have the opportunity to engage. However, as a result of the COVID-19 pandemic and certain travel restrictions implemented by national, state and municipal governments, as well as by Flowserve, the Board was unable to conduct a site visit during 2020 but has resumed this annual practice in 2021.

### OUR BOARD OF DIRECTORS

Strong governance starts at the top with our Board of Directors, which consists of 10 members, all of whom are independent with the exception of our Chief Executive Officer. Our Board of Directors is led by our independent Board chair.

Our Board is elected annually by our shareholders. The Board’s core responsibility is to oversee our Chief Executive Officer and other senior management in the competent and ethical operation of the company on a day-to-day basis and to help confirm that our shareholders’ best interests are served. The Board, together with the committees it has established to assist in discharging these duties, is guided by our Articles of Incorporation, By-laws, committee charters, Code of Conduct and Corporate Governance Guidelines. These documents, along with Board member biographies, can be found on our corporate website.

In its efforts to satisfy its duties, our Board has adopted Corporate Governance Guidelines that define how our Board operates, including, among other things, with respect to Board leadership, Board meetings, the size and composition of the Board, the nomination of members of the Board, expectations and required attributes of our directors, the establishment and operation of committees of the Board, performance assessment of the Board and our Chief Executive Officer, terms of office and stock ownership guidelines.

In addition, in considering the best interests of Flowserve and its shareholders, the Board also considers the effects of our business on a broader group of stakeholders, including our associates, suppliers, customers and the local communities in which we operate, which underscores our purpose to create extraordinary flow control solutions to make the world better for everyone. Our Board recognizes that our long-term success and the long-term interests of shareholders, can be enhanced by the advancement of the interests of this broader group of stakeholders.

### BOARD AND EXECUTIVE OVERSIGHT

At the Board level, our Corporate Governance and Nominating Committee (CGNC) has primary responsibility to direct and review key aspects of our Environmental, Social and Governance (ESG) program on a regular basis.

In addition, our Executive Leadership Team (ELT), under the direction of our Chief Executive Officer, leads each of our functional areas in their efforts to analyze, design, implement, monitor and, when necessary, change and revise, sustainable processes into Flowserve’s strategy in order to achieve our purpose. In doing so, key members of the ELT represent the management on several key committees that drive our sustainability program, including our ESG Steering Committee and Enterprise Risk Management (ERM) Committee.

### CORPORATE GOVERNANCE AND NOMINATING COMMITTEE

The Corporate Governance and Nominating Committee (CGNC) of the Board of Directors advises the Board on all corporate governance and board recruiting matters, including the company’s corporate citizenship, sustainability and related activities.

The committee, composed of at least three members (all of whom must be independent), has the power, without additional approval from the Board, to directly retain outside legal counsel, financial advisors, consultants and other advisors as the committee determines necessary to perform its responsibilities and the power to investigate any matter within the scope of its duties, with full access to books, records, facilities and personnel necessary to do so.

The key responsibilities of the CGNC are to:

1. Identify, review the qualifications of and recruit candidates for membership on the Board of Directors, including chairman of the Board and the company’s President and Chief Executive Officer
2. Review related party transactions in accordance with the company’s Related Party Transaction Policies and Procedures
3. Recommend Board committee assignments and the appointment of committee chairs
4. Oversee the annual review process of each member of the Board and the company’s President and Chief Executive Officer
5. Establish and review procedures for shareholder communications and the effectiveness of shareholder engagement policies and procedures
6. Review the company’s corporate citizenship, sustainability and related activities

The CGNC meets at least four times per year. The CGNC receives an in-depth presentation of sustainability matters from members of management biannually and advises management on the company’s overall sustainability and corporate responsibility strategy, execution and effectiveness.

FINANCE AND RISK COMMITTEE

The Finance and Risk Committee (FRC) of the Board of Directors advises the Board on all corporate financing and related treasury matters, including on related risks, regarding capital structure and major corporate transactions with the goal of accomplishing the company’s objectives and operating strategies while maintaining sound fiscal health. Additionally, the committee monitors corporate risk management and information technology programs, as well as oversees management’s enterprise risk assessment process and the process by which the Board and its committees oversee management’s exercise of risk management responsibilities.

The committee, composed of at least three members, has the power, without additional approval from the Board, to directly retain outside legal counsel, financial advisors, consultants and other advisors as the committee determines necessary to perform its responsibilities and the power to investigate any matter within the scope of its duties, with full access to books, records, facilities and personnel necessary to do so.

The key responsibilities of the FRC are to:

- 1. Assist the Board in performing its enterprise risk management oversight responsibilities through periodic review of management’s enterprise risk assessment process, including with respect to information technology and cybersecurity risks, emerging areas of risk and other risks as relevant to the company
- 2. Review and discuss the process by which the Board and its committees oversee senior management’s exercise of risk management responsibilities
- 3. Periodically review the scope, cost and basic terms of the company’s insured risk management programs, including general liability, director and officer, property and other insurance policies

ELT COMMITTEE EXECUTIVE SPONSORS

Members of our Executive Leadership Team (ELT) serve as sponsors on the two committees that guide Flowserve’s Sustainability program:



Environmental, Social and Governance (ESG) Steering Committee

- SVP, Chief Legal Officer & Corporate Secretary
- SVP, Chief Financial Officer
- SVP, Human Resources
- SVP, Sales
- VP, Operations
- VP, Marketing & Technology

Enterprise Risk Management (ERM) Committee

- SVP, Chief Legal Officer & Corporate Secretary
- VP, Internal Audit

ESG STEERING COMMITTEE

Our Environmental, Social and Governance (ESG) Steering Committee develops and implements the company’s overall ESG strategy. They provide leadership to the ESG working committee regarding setting goals and objectives that align with the overall strategy of the program. The ESG Steering Committee assesses strategic sustainability issues, seeks to improve sustainability performance, provides recommendations to the ELT regarding the company’s sustainability goals and objectives and oversees sustainability risks and opportunities in our business. The ESG Steering Committee is a global and cross-functional committee that meets regularly to discuss pressing issues as well as broader strategic initiatives and objectives.

The ESG Steering Committee is made up of representatives from several of our internal functions, including:

- Manufacturing and Operations
- Legal and Compliance
- Finance
- Supply Chain
- Engineering
- Sales
- Human Relations
- Sales and Commercial Operations
- Marketing and Technology

The objectives of the ESG Steering Committee include:

- Identifying and evaluating emerging strategic sustainability issues
- Considering regulatory, legislative, shareholder, market and other developments and concerns regarding sustainability
- Monitoring external ESG rating reports and metrics and conducting gap analysis of areas of concern

- Coordinating company responses to strategic public policy and regulatory issues
- Establishing sustainability goals and objectives
- Developing programs and initiatives to meet sustainability goals and objectives
- Reviewing enterprise-wide sustainability programs and performance, and providing input for establishing and/or modifying sustainability goals and objectives

The work and input of the ESG Steering Committee is used by the Board and ELT to inform the following areas of activity:

- Operational efficiency and improvement
- Development and implementation of strategic programs, including regarding health and safety, sustainability, diversity, equity and inclusion and social responsibility programs
- Public reporting/disclosure
- Business strategy
- Product development and innovation
- Supply chain management
- Stakeholder engagement
- Marketing
- Employee engagement
- Rating report analysis and updates
- Enhancement of the Flowserve ESG Report and other reporting, as necessary
- Communicating with functional area leaders and leadership teams

# RISK MANAGEMENT

## ERM COMMITTEE

Enterprise Risk Management (ERM) is essential to our purpose of creating extraordinary flow control solutions to make the world better for everyone. The ERM Committee seeks to identify and address risks that may impact our ability to achieve our purpose, objectives and long-term strategy. The ERM Committee is comprised of several members of the Executive Leadership Team and other cross-functional team members with representation from several internal functions.

The ERM Committee applies the Committee of Sponsoring Organizations of the Treadway Commission (COSO) risk management framework in seeking to achieve the following objectives:

- Identify risks through a robust top-down and bottom-up assessment
- Quantify and qualify risks in terms of both impact and likelihood
- Develop and update risk register prioritization
- Establish risk mitigation plans
- Create a risk-aware organizational culture
- Provide regular updates to the Board and its committees

The Board and its committees oversee senior management’s policies and procedures in assessing and addressing risk areas, carefully evaluate reports received from management and make inquiries of management with respect to areas of particular interest. ERM is used by the Board and its committees to inform the following areas of activity:

- Cybersecurity
- Energy transition
- Operational excellence
- COVID-19
- ESG
- Geopolitics
- Information technology
- Product development and innovation
- Quality
- Employee retention and engagement

**The ERM Committee seeks to identify and address risks that may impact our ability to achieve our purpose, objectives and long-term strategy.**

## RISK MANAGEMENT OVERSIGHT

Our Board of Directors is accountable for the overall implementation of our risk management process, including climate change-related risks and opportunities. Members of our Board have a responsibility to exercise oversight of our business by developing a broad understanding of our business, risk profile and strategy, understanding and respecting the roles of the Board and management, offering support and guidance to management and engaging management effectively and constructively.

Throughout the year, the Board discusses risk in general terms and in relation to specific proposed actions taken or planned to be taken by the company. As part of this process, the Board receives regular updates from management on the financial and operating results of the company, as well as on the strategic and annual operating plans and key enterprise risks and provides appropriate input and perspectives. The Board has delegated responsibility for the oversight of certain risk categories to its committees based on each committee's expertise and applicable regulatory requirements. Each committee regularly receives updates on these matters from management and reports on them to the Board. In addition to discussing risks with the Board at periodic and scheduled meetings throughout the year, management also reports to the Board and its committees on specific, material risks as they arise or as requested by the Board, whether by calling a special meeting or by other means.

The Finance and Risk Committee (FRC) of the Board assists with enterprise risk management oversight responsibilities through periodic review of management's enterprise risk assessment process, including current and emerging areas of risk relevant to our business and stakeholders. The FRC reviews the process by which the Board and its committees oversee senior management's exercise of risk management responsibilities.

Management is responsible for the day-to-day management of risk and opportunities facing Flowserve, including the design and implementation of appropriate risk management policies, practices and initiatives. Management leverages an enterprise risk management program, which is an evergreen process using a widely-accepted framework, to identify, assess, monitor and communicate the company's strategic, operational, financial, compliance, legal and reputational risks. Management works with our Board, the FRC, our independent and internal auditors and other external advisors, to incorporate our enterprise risk management program into our operations and overall strategy.

For more information on governance at Flowserve, see pages 18-25 of our 2021 Proxy Statement available at <https://ir.flowserve.com/financial-information/annual-reports>.

## CLIMATE-RELATED RISKS, OPPORTUNITIES AND STRATEGY

Many scientists, legislators and others attribute global warming to increased levels of heat-trapping greenhouse gases (GHG) in the atmosphere, including carbon dioxide. As a result, many countries are participating in the Paris Climate Agreement seeking to limit global temperature rise to well below 2 degrees Celsius above pre-industrial levels, while pursuing action to cap the increase at 1.5 degrees Celsius. Consistent with the Paris Agreement, industries around the world are reducing their GHG emissions.

Flowserve provides flow control products and services that help enable individual companies to achieve their reduction goals. Our experience and success in adapting our products to new flow control applications positions us to capitalize on new and expanding markets related to GHG emission reduction and climate change resiliency. For instance, several customers around the world rely on Flowserve's products in concentrated solar power, bioenergy, geothermal, carbon capture, utilization and storage, desalination and flood control.

The International Energy Agency (IEA) uses three models to assess potential governmental action to reduce GHG concentrations in the atmosphere. The Current Policies Scenario assumes no change in regulations controlling GHG

emission or promoting energy efficiency. The Stated Policies Scenario (STEPS) assumes the pace of industrial decarbonization is guided by existing policy frameworks and stated policy plans. The Sustainable Development Scenario (SDS) is the only model that includes the actions necessary to achieve the Paris Agreement climate goals. Under all three scenarios, we believe that our customers will continue to rely on our products and services to improve energy efficiency and reduce carbon emissions. We continue to research and develop equipment and diagnostic tools to promote increased energy efficiency and expand our product offerings to penetrate new and emerging markets to address climate change.

The IEA models are focused on change in the energy markets and do not consider industries that are responding to other climate-related risks, including rising sea level, more severe and more frequent weather events, subsidence and the need for reliable fresh water sources to support population growth and migration. Flowserve already supplies products and services to large-scale flood management projects, desalination plants and conventional water supply facilities and is well positioned to meet society's increased need for water management.

**BE ACCOUNTABLE FOR YOUR  
COMMITMENTS AND DO WHAT'S BEST  
FOR OUR COMPANY AND CUSTOMERS.**



## **OWNERSHIP**

When COVID-19 challenged the ability for our Engineering team to collaborate on key design-to-value projects, the team not only overcame a potential roadblock, but turned it into an opportunity to save money, reduce their carbon footprint and live our Ownership value. To make this possible, the team identified a tool for remote workshop collaboration. Once the tool was identified, multiple training sessions were hosted in different time zones to enable the team across the different sites to learn the tool and maximize its virtual collaboration benefits. Multiple groups were able to simultaneously collaborate on different parts of a project and track progress for the broader team. Close to 300 associates across our pumps, valves and aftermarket solutions teams from multiple sites used the tool for project development, workshops, meetings and design reviews. The tool allowed the team to brainstorm, design and learn in an engaging environment despite the distance caused by the pandemic.

# MATERIALITY

Consistent with Global Reporting Initiative (GRI) principles, we define material ESG topics as those issues important to our stakeholders and necessary to effectively manage enterprise risks and opportunities. This materiality standard is different than the materiality standard applied under federal securities laws, and issues identified as material for purposes of this report may not be considered material for Securities and Exchange Commission reporting purposes. We assess issue materiality with a combination of stakeholder feedback (customers, suppliers, employees, communities, investors and other stakeholders) and formal work processes to evaluate potential business risks and opportunities.

In this report, we discuss the eight ESG topics deemed material to both Flowserve and our stakeholders, along with focus areas relevant to each material topic.



## SAFETY

- Safety maturity
- Safety performance



## ENVIRONMENTAL PROTECTION

- Energy use
- Carbon emissions
- Water use
- Recycling and waste management



## PRODUCT LIFECYCLE

- Minimizing carbon emissions



## EMPLOYEE SUCCESS

- Diversity, equity and inclusion
- Talent development
- Compensation
- Performance



## TECHNOLOGY AND SOLUTIONS

- Enabling the energy transition
- Sustainable solutions
- Technology development
- Product efficiency



## GOVERNANCE

- Governance processes
- Executive oversight
- Risk management
- Climate-related risks and opportunities
- Stakeholder engagement
- Ethics and compliance
- Human rights
- Conflict minerals
- Supply Chain Management



## COMMUNITY ENGAGEMENT

- Flowserve Cares
- Employee volunteerism



## PRODUCT QUALITY

- ISO standards
- Industry standards

# STAKEHOLDER ENGAGEMENT

Our Board and management value the input of our shareholders and other key stakeholders and believe that open and continuous dialogue with our shareholders is an effective way to achieve our purpose of creating extraordinary flow control solutions to make the world better for everyone. We view stakeholder engagement as an ongoing and routine opportunity to learn about their concerns and how to hone our strategy and business practices to address the concerns and risks facing our shareholders, employees, associates, customers, communities and other key stakeholders. Accordingly, we maintain a framework for frequent and productive conversations with the company’s shareholders facilitated by our Investor Relations team. When appropriate, members of the Board participate in those conversations with our shareholders, whether proactively or upon request.

We also regularly engage with our shareholders on a variety of topics relating to company performance and overall strategy for long-term growth, including on earnings calls, at industry and financial conferences and during in-person scheduled meetings. In addition, we periodically hold Investor and Analyst Days to meet with investors and present and discuss our long-term strategy and financial objectives.

In addition to our shareholders, the Board and management routinely engage with several other key stakeholder groups through a variety of means. These engagement opportunities allow our Board and management to listen to the concerns of key stakeholders and to make adjustments to our business practices, operations and strategies as appropriate. A summary of key stakeholder groups along with a sampling of engagement methods and topics of concerns is included on the next page.

Stakeholder Group	Methods of Engagement	Example Topics and Concerns
Customers, Channel Partners, Consultants	<ul style="list-style-type: none"><li>• Direct engagement via Sales teams and Quick Response Centers (QRCs)</li><li>• White papers, case studies, website content</li><li>• Direct marketing</li><li>• CEO meetings</li><li>• Website and social media</li></ul>	<ul style="list-style-type: none"><li>• Flow control challenges/solutions</li><li>• Emission reduction</li><li>• Product efficiency</li><li>• Product up-time and longevity</li></ul>
Employees	<ul style="list-style-type: none"><li>• Passport (our intranet)</li><li>• CEO regional and global town halls</li><li>• Engagement surveys</li><li>• Employee training and continuous development</li><li>• Annual review process</li><li>• Flowserve Ethics Hotline</li><li>• Code of Conduct</li><li>• Flowserve Cares (community impact program)</li><li>• Website and social media</li></ul>	<ul style="list-style-type: none"><li>• Company performance</li><li>• Company strategy, goals, key initiatives</li><li>• Performance feedback</li><li>• Career planning and mentoring</li><li>• Training and development</li><li>• Mobility across business units and functions</li><li>• Compensation</li><li>• Benefits (US) and related policies</li><li>• Community impact</li><li>• Work/life balance</li></ul>
Shareholders	<ul style="list-style-type: none"><li>• Quarterly earnings reports and webcast conference calls</li><li>• News releases</li><li>• Annual Proxy Statement</li><li>• Annual ESG Report</li><li>• Shareholder outreach on performance, plans, corporate governance, and sustainability</li><li>• Annual meeting</li><li>• Company filings with the U.S. Securities and Exchange Commission</li><li>• Industry and financial conferences</li><li>• Website and social media</li></ul>	<ul style="list-style-type: none"><li>• Financial performance</li><li>• Corporate governance</li><li>• ESG performance</li></ul>
Suppliers	<ul style="list-style-type: none"><li>• Direct engagement via Supply Chain team</li><li>• Flowserve Supplier Code of Conduct</li></ul>	<ul style="list-style-type: none"><li>• Supply-demand balancing</li><li>• Legal compliance</li><li>• Product quality and efficiency</li><li>• Conflict minerals reporting</li></ul>
Communities, Community Organizations, Nongovernmental Organizations	<ul style="list-style-type: none"><li>• Flowserve Cares (community impact program)</li><li>• Employee volunteerism</li><li>• Website and social media</li></ul>	<ul style="list-style-type: none"><li>• Community partnering</li><li>• Social value creation through volunteerism</li><li>• Partnering/education</li></ul>
Certification and Regulatory Agencies, Third-party ESG Rating Agencies, Debt Rating Agencies	<ul style="list-style-type: none"><li>• Direct engagement</li><li>• ESG surveys</li></ul>	<ul style="list-style-type: none"><li>• ESG performance</li><li>• Ratings scores</li><li>• Quality and effectiveness of sustainability reporting</li></ul>




# SPOTLIGHT STORY

## SUPPORTING COVID-19 RELIEF IN INDIA

Through Flowserve Cares and our partnership with United Way, we've been able to provide vital COVID-19 relief materials across India during their fight against COVID-19. We provided "family kits" that contained food, medicine and safety equipment, vital medical supplies, as well as oxygen concentrators and a 'vaccine van' that is used to transport COVID-19 vaccines and syringes to those who can't reach vaccination centers.


Corporate CSR Partner

  
FLOWSERVE CARES

NGO Partner

  
United Way  
United Way Bengaluru

Operational Partner

  
Brihat Bengaluru  
Mahanagara Palike

  
VACCINE VAN  
ಲಸಿಕೆ ವಾಹನ  
टीका वाहन  
Designed and Executed by  
Shanmukh  
www.shanmukh.com





# INTEGRITY & COMPLIANCE

Our Integrity & Compliance program is a critical part of who we are as a company and how we do business. The pillars of our program are: Culture, Speaking Up, Strategy, Risk Management and Accountability.

These pillars guide us in enhancing our Integrity & Compliance program so we continue to conduct business in an honest, ethical and transparent manner. In this section, we highlight some of our Integrity & Compliance policies and initiatives and how they align with each of our guiding pillars and demonstrate our commitment to uphold the highest ethical standards.



## CULTURE

### Values and Behaviors

We have established a culture of integrity with our associates, business partners and shareholders. We demonstrate this culture by establishing Integrity as one of our core values, which are the guiding principles for how we achieve our purpose. Additionally, our *Act with Integrity, Always* behavior further strengthens our culture. Each Flowserve associate is expected to uphold our values and display our behaviors. In fact, associates are evaluated on these behaviors as part of our annual year-end performance review process.

### Integrity Champions

We also promote a culture of integrity through our Integrity Champions program. The Integrity Champions program is designed to provide support to our sites

and offices in promoting local ownership and integrity. Associates from local sites or offices are nominated and selected to serve as Integrity Champions at their locations and are empowered and responsible for:

- Raising integrity awareness
- Rolling out integrity focused education and training
- Sharing Integrity & Compliance communications
- Helping make integrity a consideration in site decisions

Our Integrity Champions are key to the success of our Integrity & Compliance program.

### Integrity Insiders

We provide our associates with practical guidance to navigate ethical issues through our Integrity Insiders. Integrity Insiders are monthly internal email communications that highlight real ethical situations faced by Flowserve associates and serve as reminders of available Integrity & Compliance policies and resources. To promote global accessibility, Integrity Insiders are provided in nine languages and include companion slides so leaders can present the information to associates who may not have direct email access. Integrity Insiders are monthly reminders to all associates that acting with integrity, honesty and transparency is critical to our company’s success and is expected from all associates.

### Integrity & Compliance Week

We celebrate our culture of integrity and build associate engagement annually during our global Integrity & Compliance Week. Each day of the week, we feature programming and communications designed to highlight Integrity & Compliance tools and resources, raise overall awareness of compliance issues and provide guidance on navigating ethical dilemmas. During the 2020 Integrity & Compliance Week, we conducted our annual Code of Conduct certification, shared refreshed Integrity & Compliance policies, launched a Trade Compliance Playbook and provided an Investigations Transparency webinar.

### Training

We offer associates a variety of trainings to remind them that they are expected to act with integrity, always.

- Associates are required to complete training on the Code of Conduct annually, through which they gain an understanding of the types of behaviors and decisions that represent our values.

- In addition to annual Code of Conduct training, the Integrity & Compliance team provides associates with customized training based on recent trends, by request and as remediation measures. These trainings may cover topics such as trade, anti-corruption, anti-trust, investigations and data privacy and are conducted in various regions and often in multiple languages. Some examples of trainings the Integrity & Compliance team offered in 2020 include:

- Export Control Technology Training provided to more than 1,800 associates globally
- Investigations Transparency training provided to more than 1,100 associates globally
- Conflict of Interest Training provided to close to 180 associates in Spain
- Associates may always access additional Integrity & Compliance trainings, at no cost and at their discretion, on our Learning Management System and Integrity & Compliance site.

### Integrity & Compliance Site

To help ensure associates have easy access to helpful resources, we recently launched a new Integrity & Compliance site that is user friendly and accessible to all associates online. The site features access to the Ethics Hotline, Code of Conduct and other Integrity & Compliance policies, programs, forms, playbooks and trainings.

SPEAKING UP

Employee Resources

Upholding our Code of Conduct and values is the responsibility of each Flowserve associate, and everyone is empowered to speak up. Flowserve provides a variety of channels through which associates can raise concerns, ranging from reporting up the chain to our anonymous hotline.

Associates are encouraged to report concerns to a manager or supervisor, as they are usually in the best position to address concerns. However, they also have the following resources available:

- Human Resources Contact
- Regional Integrity & Compliance Contact
- Member of the Legal Department
- Member of Senior Management
- Members of the Board of Directors
- Member of the Audit Committee
- Flowserve Ethics Hotline

Amplify Your Voice Engagement Survey Results

In 2020, 12,433 associates voluntarily participated in the annual associate engagement survey, which includes opportunities for them to provide feedback on their perception of integrity within our organization. The associate responses overwhelmingly demonstrated that ethical expectations have been clearly communicated to associates and reflected a high level of trust and openness in our culture. We use the survey results to continue to enhance our Integrity & Compliance program.

Flowserve’s Ethics Hotline is available to all associates 24 hours a day, in any location, via phone or online. To further ensure accessibility, in 2020 we launched mobile device reporting, which allows associates to access the Ethics Hotline by scanning a QR Code or going directly to flowservecorporation.navexone.com on their mobile device. The Ethics Hotline is managed by a third-party vendor and associates can report concerns anonymously if they choose. We take all reports seriously and each report is reviewed.

Associates are continuously reminded of these Speaking Up resources. For example, associates are provided with a direct link to the Ethics Hotline in our monthly Integrity Insiders, on our Integrity & Compliance site, as well as on Flowserve.com.

Regardless of who associates contact, Flowserve does not permit retaliation against anyone who raises a concern in good faith or participates in an investigation.

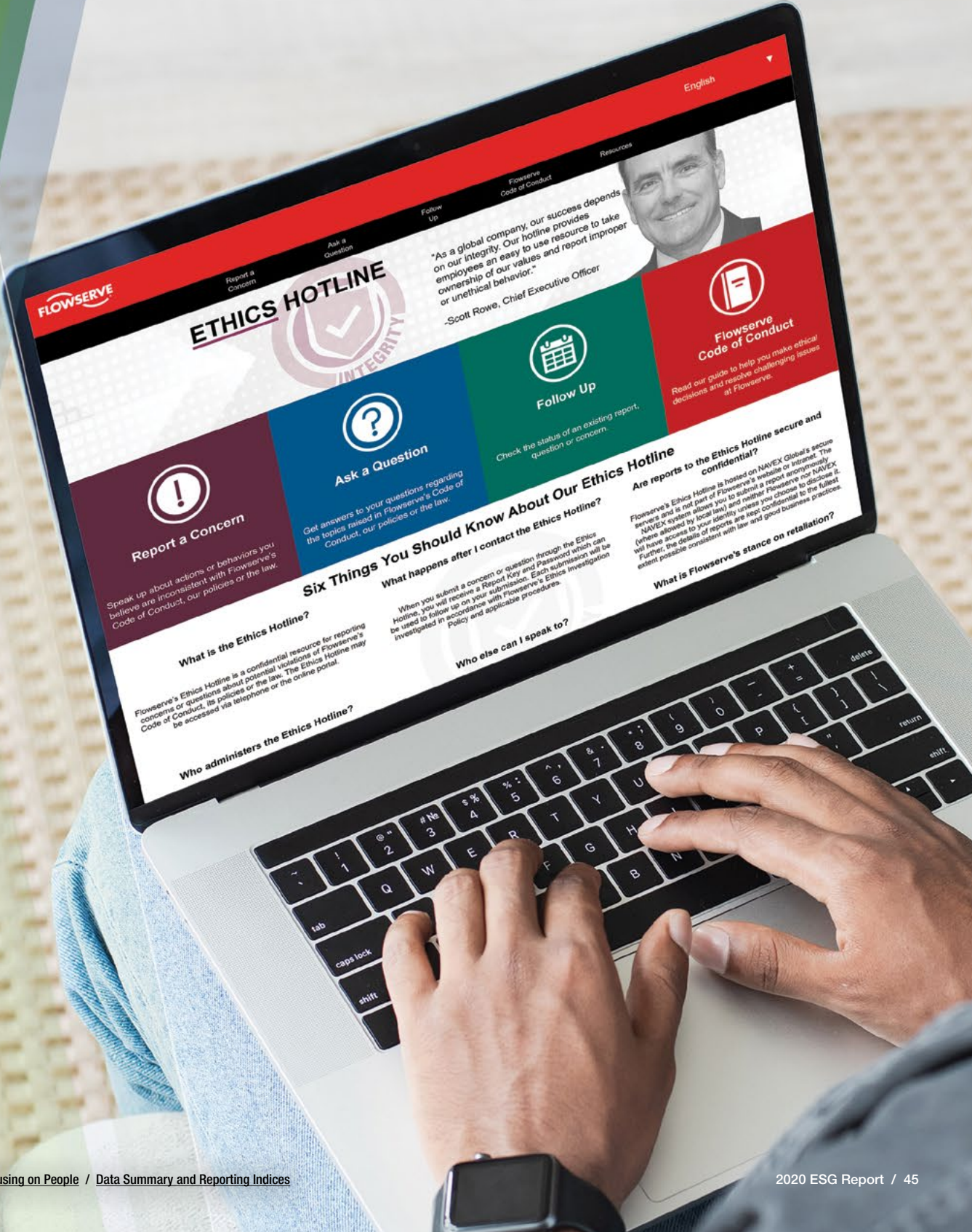
Investigations Playbook

In 2021, we launched a Global Investigations Playbook to provide associates with a general overview of how investigations are conducted at Flowserve. Our aim is to be as transparent as possible so that our associates understand the process and feel comfortable speaking up to report any unethical or questionable conduct. When associates speak up and report concerns, it helps Flowserve address issues quickly and helps promote compliance with our policies and the law. Through the Playbook, we assure associates that when an investigation is warranted, it will be conducted in a manner that is timely, thorough and as discreet as possible.

Speaking Up Trends

To continuously evaluate the efficacy of our Speaking Up resources, the Integrity & Compliance department regularly monitors metrics and trends such as the number of overall reports, the number of reports made anonymously, the types of issues being reported, the number of reports made in each region and the number of reports made within each business platform.

Upholding our Code of Conduct and values is the responsibility of each Flowserve associate, and everyone is empowered to speak up.





**Flowserve's Code of Conduct reflects who we are as a company and how we do business.**

## STRATEGY

### Ethics and Compliance Committee

To champion a culture of integrity at the top and strategically incorporate integrity and compliance in all aspects of our business, Flowserve has established an Ethics and Compliance Committee. The committee is comprised of senior business leaders such as the Chief Executive Officer, Chief Legal Officer, Chief Financial Officer, Chief Human Resources Officer, Chief Compliance Officer, Chief Sales Officer, Platform Presidents and Vice President of Internal Audit. This committee provides oversight of and guidance regarding Integrity & Compliance programs, practices and policies. Each quarter, the Chief Compliance Officer and Integrity & Compliance team meet with the Ethics and Compliance Committee to provide formal updates and get feedback on Integrity & Compliance initiatives, program enhancements, key investigations, metrics and trends.

### Code of Conduct

Flowserve's Code of Conduct reflects who we are as a company and how we do business. It incorporates and reinforces Flowserve values and the laws, regulations and policies that apply to our business and is intended to help associates understand their ethical expectations. It applies

to more than 15,600 associates in 222 locations around the world and all associates are expected to know and adhere to the Code of Conduct (Code).

The Code includes an introduction from our Chief Executive Officer, highlighting the importance of integrity to Flowserve and our commitment to conducting business in an honest, ethical and transparent manner. Available in nine languages, the Code is accessible to all associates on our Integrity & Compliance site, [Flowserve.com](https://www.flowserve.com) and is provided to new associates when they join Flowserve. The Code is an interactive document that includes links to other relevant policies and forms. It provides straightforward and practical guidance through real world examples and frequently asked questions within each section.

The standards the Code embodies also apply to our Board members, corporate officers and external companies or individuals who we work with or represent Flowserve, including suppliers, agents, sales representatives, distributors, joint venture partners and other business partners.

RISK MANAGEMENT

Supplier Code of Conduct

In addition to our Code of Conduct, we have established a Supplier Code of Conduct, which sets forth our commitment to conducting business in an ethical, legal and socially responsible manner within our global supply chain. We expect all Flowserve suppliers to adhere to the Supplier Code of Conduct. If a supplier is found to be in violation of the Supplier Code of Conduct or any other Flowserve policy, it may result in the termination of the business relationship.

Trade Compliance Coordinators Program

To proactively minimize trade compliance risks, we established a Trade Compliance Coordinators program. Trade Compliance Coordinators are trained on export or import compliance matters and are responsible for the implementation and management of our export or import compliance programs at the facility level. They serve as a resource to the local facility and associates can contact them for direct and timely guidance. To further enhance the expertise of these Trade Compliance Coordinators, we now offer a certification program they can complete. Once a Trade Compliance Coordinator successfully completes the certification, they are issued a formal certificate of completion.

Trade Compliance Playbook

In 2020, we launched a Trade Compliance Playbook, which is a detailed reference manual to help guide Flowserve Trade Compliance Coordinators. The Playbook is available in nine languages and is accessible to all associates. It provides an overview of each element of Flowserve’s Trade Compliance Program, including simple instructions, key insights into each trade topic and embedded links to core trade compliance policies.

Risk Assessments

To identify, manage and mitigate risk, we conduct risk assessments on a regular basis. For example, the Integrity & Compliance department conducts a scenario-based annual internal fraud risk assessment, which includes an associate

survey and interviews, as well as a review of substantiated investigations and Internal Audit SOX controls. In 2020, the participants in the fraud risk survey and interviews represented all regions and all levels of management. The top fraud risk areas identified by the assessment are monitored and considered when updating internal policies, practices and trainings. In addition, Flowserve’s Finance and Risk Committee conducts an annual enterprise risk assessment, in which it interviews risk owners, conducts an external scan of risks and establishes key risk indicators. The results are used to identify and prioritize the top risks in the company which are then monitored and mitigation measures are implemented.

ACCOUNTABILITY

Audit Committee

To provide independent accountability of the Integrity & Compliance department, our Chief Compliance Officer has a dotted reporting line to the Audit Committee of the Board of Directors. Quarterly or as needed, our Chief Compliance Officer updates the Audit Committee on Integrity & Compliance initiatives, key investigations and the status of the Integrity & Compliance program.

Remediation Measures

After an investigation is complete, the investigator may recommend remediation measures to address behaviors or concerns discovered during the investigation, especially if there are substantiated allegations. Remediation measures may include, but are not limited to discipline, training, control enhancements or improvements, policy or procedure changes, or other reforms. The implementation and timing of any remediation measures are made in partnership with appropriate business leaders. The remediation measures are also tracked internally by our Global Investigations team.

Disciplinary Committee

Where an investigator recommends disciplinary action as a result of an investigation, Flowserve has established a Disciplinary Committee to provide independent, objective, efficient and consistent disciplinary actions. The Disciplinary Committee consists of the following members:

- Chief Compliance Officer
- Senior leader from Employment Law
- Senior leader from Human Resources
- A rotating platform leader

The Disciplinary Committee is responsible for determining the level of disciplinary action where:

- An Ethics Hotline Report has been made
- The resulting investigation has been substantiated
- The discipline standard could include termination

Metrics and Trends

To hold ourselves accountable and continuously improve our program, the Integrity & Compliance team regularly conducts internal reviews and tracks internal metrics, such as due diligence reviews, investigations cycle time and remediation measures. The Chief Compliance Officer and Integrity & Compliance department report out to the Ethics and Compliance Committee on these metrics and any trends on a quarterly basis.

# SUPPLY CHAIN

We recognize that the relationships we have with our suppliers are instrumental in our ability to provide innovative solutions. That’s why we strive to partner with suppliers who deliver the best quality, value and service, while maintaining the same ethical and safety standards we practice.

## SUPPLIER CONDUCT

Flowserve has a zero-tolerance policy against unethical, unsafe and illegal conduct on the part of our supplier partners. The Supplier Code of Conduct communicates expectations for socially responsible operations in support of Flowserve’s business and values. Suppliers are expected to support Flowserve in enforcing and cascading the Code as necessary.

## COMPLIANCE MONITORING

Flowserve requires all associates and suppliers to comply with applicable laws and regulations and conducts regular compliance training so that associates maintain a current understanding of legal requirements. Our governance processes are highly focused on regulatory compliance. We operate under a large number of regulatory regimes from many countries that are often subdivided between federal, state and local jurisdictions covering many aspects of our business, including safety, environment, logistics, ethics and product specifications. We work closely with our suppliers to adhere to all applicable reporting and mitigation activities for conflict minerals and chemical substances.

In parallel, all Flowserve associates are trained and empowered to utilize Flowserve’s Ethics Hotline to discuss or report any concerns over non-compliance, anonymously if preferred.

## SUPPLIER RISK MITIGATION

Flowserve has a mature Supplier Risk Assessment process where suppliers are subject to ongoing risk audits and updates to their risk portfolio. When the supplier’s risk position substantially changes (ownership change, financial viability, regulatory findings, etc.), Flowserve reviews the impact of the change on enterprise risk and develops a plan to mitigate the incremental risk, as appropriate. Significant planned changes to a supplier manufacturing process (change in physical address, outsourcing/ insourcing decisions, new capital equipment) is considered a substantial change to the supplier’s risk position. Prior to these planned events, the supplier must notify Flowserve in writing of the planned change and allow Flowserve to review the supplier’s risk mitigation plan for protecting continuity of production for Flowserve products.

Flowserve’s new Supplier Data Management system will provide more detailed information on supplier attributes including diversity and locations; this will enable us to factor in the known environmental or social risks associated with the host country. We are currently developing a model to incorporate the Supplier Country ESG Risk score into our existing Risk Assessment framework for 2022.

## SUPPLIER PERFORMANCE MANAGEMENT

Supplier performance is evaluated using a scorecard rating process, which considers product quality, delivery, compliance and other key sustainability factors. The data presented in the scorecards is a consolidation of individual site operations’ reported performance. All data collected and utilized to generate supplier performance measures are coordinated and governed by our standardized approach to supplier compliance.

## SUPPLIER DEVELOPMENT

Flowserve is committed to building strong relationships with our suppliers. We recognize the need to foster and support supplier growth to meet the evolving market landscape. Flowserve works closely with suppliers to assist them in driving continuous improvement, including development of new technology and capability to promote mutual success.

## SUPPLIER DIVERSITY

Flowserve suppliers range from small family-run businesses to multibillion-dollar conglomerates. Partnering with small businesses supports our local communities while enhancing our product and service commitments to our customers. Flowserve awards subcontracts to small businesses for both federal and private projects.

## SUPPLY CHAIN UNIVERSITY

As part of Flowserve’s People, Excellence and Innovation values, Supply Chain associates have been given access to a suite of e-learning courses as part of the Supply Chain University program. This represents a significant investment in professional development and provides an opportunity to further develop the knowledge, skills and abilities throughout our supply chain. Flowserve is working to include content on responsible sourcing and sustainable procurement in the next term curriculum.

**DO THE RIGHT THING, ALWAYS**



## **INTEGRITY**

In 2020, we recognized the need to provide our associates with easily accessible Integrity & Compliance resources at their fingertips in our new, more remote environment. Flowserve continued to host our annual Integrity & Compliance Week, but during 2020 we provided materials and content virtually so all of our associates could still participate. We also maintained in-person sessions where social distancing was available.

Additionally, we revamped the Integrity & Compliance internal website for Flowserve associates to be more user-friendly in a virtual environment. This included providing on-demand training materials and access to previously issued Integrity Insider communications. Flowserve also updated several compliance-related policies to include Frequently Asked Questions sections to provide our associates with immediate answers for how the policies apply to real-life situations they may encounter.



## HUMAN RIGHTS

The United Nations defines human rights as rights inherent to all human beings, irrespective of nationality, place of residence, sex, national or ethnic origin, color, religion, language, or any other status. Flowserve promotes human rights through its efforts to prevent discrimination both in its workforce and throughout its supply chain. Flowserve clearly communicates its commitment to prevent discrimination through its core values and Code. Our expectation that our supply chain will similarly protect against discrimination are communicated through the Supplier Code, our terms and conditions with suppliers and our purchase order requirements.

## HUMAN TRAFFICKING AND MODERN SLAVERY

Flowserve prohibits slavery and human trafficking and is committed to taking steps to confirm that slavery and human trafficking are not occurring in any part of our supply chain or business. Flowserve maintains a global compliance practice to address human trafficking and slavery risks. All suppliers are expected to comply with the Supplier Code forbidding such human rights abuses. We also work to comply with the disclosure requirements established by the California Transparency in Supply Chain Act of 2010. Flowserve also supports the UK Modern Slavery Act of 2015 requiring businesses to publish a slavery and human trafficking statement for each financial year that discloses efforts to ensure slavery and human trafficking are not occurring in their operations or supply chain.

## CONFLICT MINERALS

We support global efforts to assist in the eradication of human rights abuses in the Democratic Republic of Congo (DRC) and adjoining countries, where the mining of certain minerals has partially financed the long-standing conflict in this region. Flowserve also supports the objectives and intent of the U.S. Securities and Exchange Commission (SEC) Conflict Minerals rules that call for periodic reporting on company efforts to manage conflict minerals risk.

If we discover supplied minerals originate from sources in covered countries not deemed conflict-free, we will take actions to transition toward conflict-free sources. We have committed time and resources to meet this objective and will continue to be transparent in our progress. Flowserve communicates its Conflict Minerals program expectations through the Supplier Code, our terms and conditions with suppliers and our purchase order requirements, which include the following:

- Flowserve will not knowingly procure raw conflict minerals from covered countries that are not deemed conflict-free
- Flowserve will perform reasonable due diligence to document that conflict minerals used in the materials and components supplied to Flowserve are procured from outside the covered countries or if they originate from the covered countries that they are certified as conflict-free
- Flowserve is committed to educating our employees and our suppliers to help ensure improved visibility in regard to the origin of the minerals and compliance

We are committed to working toward a conflict-free supply chain through our management program integrated with our policies and processes to align our worldwide suppliers with this policy.

# INNOVATING FOR THE FUTURE

## ENABLING ENERGY TRANSITION THROUGH INNOVATION

With rising average global temperatures and unprecedented global changes, like warming oceans, shrinking glaciers, rising sea levels and extreme weather events, the pressure to address our worldwide climate crisis has never been greater. These events, combined with new technologies and an increased demand for energy, are driving companies around the world, including Flowserve, toward the current energy transition and a more sustainable future.

As energy transition is changing all aspects of energy consumption, production and conservation, many of the markets and sectors we serve are at the forefront of this transition. As they shift toward cleaner forms of energy and reduce their carbon emissions, we are uniquely positioned to support our customers through this transition with our extensive portfolio of sustainable and innovative flow control solutions and services.

For example, Flowserve develops products and aftermarket services supporting several clean technologies, including concentrated solar power (CSP), biofuels processing, geothermal power, nuclear power and carbon capture, utilization and storage (CCUS). With one of the largest installed bases of CO<sub>2</sub> solvent process pumps in the world, Flowserve has proven experience in developing products for challenging applications. From initial pump selection and design to

aftermarket support, we are committed to meeting and exceeding CCUS customer design requirements.

As we scale and expand our flow control solutions for emerging opportunities and evolve flow control technology into autonomous flow applications, innovation has been and will continue to be at the forefront of our approach to energy transition. At Flowserve, innovation is one of our core values. Our people are encouraged to expand their knowledge, be inquisitive, think creatively and learn from mistakes. Our people are innovating every day to not only help tackle some of the world's toughest flow control challenges but also deliver sustainable solutions that proactively address the needs of our customers and the demands of the marketplace.

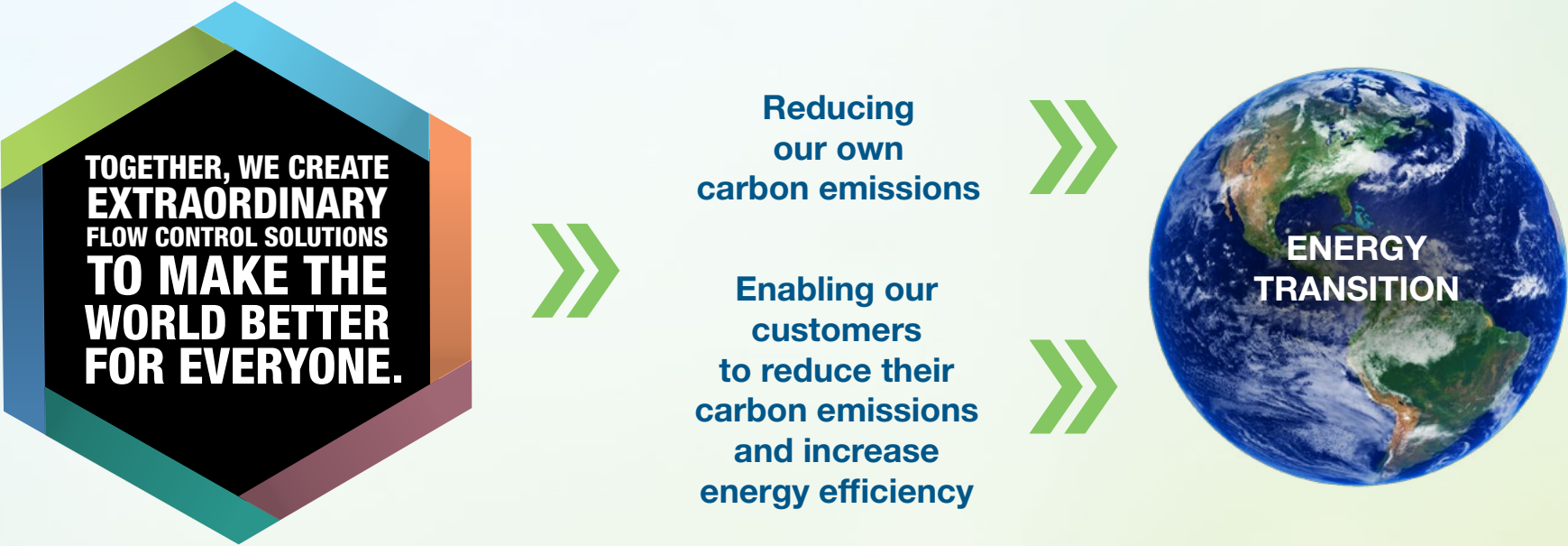
We understand that to keep up with population growth and rising energy demands, technology, as well as innovative policies and frameworks, are critical to global sustainability. That's why we continue to embed innovation in our technology development and product lifecycle. From additive manufacturing (3D printing) to virtual product assembly, we're using innovation to improve energy efficiency and reduce carbon emissions and we will continue to invest in breakthrough technologies to enable our customers through this energy transition.

Flowserve's  
historical annual  
revenue for energy transition  
projects ranges between  
**\$100 million to \$150 million,**  
and we continue to expand  
our market share in this  
critical market segment.



## WE ARE DRIVEN BY OUR PURPOSE

By focusing on the sustainability of our operations and enabling our customers as they look to increase energy efficiency, reduce carbon emissions and leverage renewable forms of energy, we can help improve the environment, slow climate change, and create a more livable future for generations to come.



**BE EMPOWERED WITH A MINDSET  
TO DO THINGS DIFFERENTLY**



## **INNOVATION**

At Flowserve, we know our past success and our optimism for the future is in large part due to the expertise and talents of our engineers. Each year, Flowserve awards outstanding achievement in engineering through our Engineering Achievement Awards Program. The Engineering Achievement Awards recognize innovative thinking and the pursuit of patents, associates who publish research in key industry journals or deliver technical presentations at key industry conferences and individuals who ask questions that increase the quality of our products to deliver beyond customers' expectations.

In 2020, more than 70 associates, including teams, around the globe were awarded for bringing our core values to life through their innovative ideas that improved efficiency for our customers, reduced costs and supported customers' transition into clean and renewable energies. The 2020 awards included recognition of the teams responsible for the relaunch of the DVSH API BB1 Type Pump, the design of two new-to-market and IoT-enabled valve products aligned with our RedRaven IoT platform and the expansion of our virtual valve assembly.

# TECHNOLOGIES AND SOLUTIONS

## DESIGN

We design our products and provide services to help customers minimize lifecycle equipment costs by improving energy efficiency, reducing maintenance requirements, simplifying equipment operation and controlling equipment emissions. This is a significant focus of our engineering team during the design stage of the product development process. The products and services highlighted here offer just a few examples of how Flowserve considers environmental impacts during the design stage.

### Energy efficiency

In Q2 2020, we launched the **Valtek Valdisk control valve**, a high-performance butterfly valve engineered for superior process control and exceptional throttling and accuracy. Its high-thrust cylinder actuator and eccentric cammed disc deliver superior process control and accuracy, as well as improved plant uptime from its bubble-tight shutoff to double-offset disc design driving leakage resistance. By helping to ensure process variables (pressure, temperature, flow, etc.) remain as close as possible to the desired set point, the Valtek Valdisk control valve allows operators to improve plant efficiency and prevent disruptions that can compromise safety.

The revamped **682 Seal Cooler Family**, launched in Q3 2020, is designed to be a standard, assemble-to-order (ATO) product family that is compliant with API 682 fourth edition and offers a wide range of features. These seal coolers use ‘shell and tube’ systems with optimized baffling that both lowers fluid temperatures passing through the tubing and minimizes scaling and fouling of the water passing through the shell. Improved reliability, compliance with global standards and easy installation and commissioning help our customers reduce waste and energy consumption.

As a recognized leader in equipment for large-scale seawater desalination projects, we offer a complete portfolio of pumps and energy recovery devices

for reverse osmosis applications and our products are installed in more than two-thirds of reverse osmosis projects worldwide. Launched in Q2 2020, our revamped **Reverse Osmosis Desalination Product Portfolio** focuses on adaptable designs and leading-edge technology that maximizes hydraulic efficiency, helping our customers increase capacity, lower energy consumption and operate a more economical membrane technology with a smaller footprint. Target industries and applications include energy-recovery device boosters, energy-recovery turbines, high-pressure membrane feeds, isobaric energy devices and source-water intake.

In the fine chemical and pharmaceutical industries, our customers need uncompromising reliability in harsh process conditions to prevent waste and process disruption. Launched in Q2 2020, our **SIHI Dry PD Mi Series Mi450 & Mi650** have a dry-running design that does not require fluids for sealing or lubricating, unlike conventional twin-screw vacuum pumps. In applications such as vacuum drying and distillation (batch and continuous), our new design features integrated electronic drive, condition monitoring with pre-failure detection and data logging and access to the spindles without removing bearings. These features allow customers fewer process disruptions, early response to deviations and the ability to clean in-situ.

Launched in Q4 2020, the **ANC Airfin Seal Cooler** increases mechanical seal reliability without cooling water, electricity, or compressed air. Its patent-pending design is compact and robust, allowing for improved performance compared to traditional straight tubing or cylindrical designs.

### Emissions reduction

Launched in Q3 2020, the **Limitorque MX Series B Smart Electric Actuator** reduces fugitive process emissions that earlier actuation system designs vented into the atmosphere. In addition to operating valves, the smart electric actuator provides customers with valuable process data and notifications to help reduce unplanned maintenance and resulting downtime. This product provides trouble-

free commissioning, higher reliability and improved process control thanks to advanced diagnostic capabilities and improved electronics survivability. Our product features higher-temperature-rated components, reinforced housing and isolation of key electronics from electrical shock and interference, improved user interface, simplified menu structure with multiple configuration options and advanced diagnostic capabilities with alarms to identify process deviations.

Launched in Q3 2020, the **PA Piston Accumulator** reduces emissions by improving the controlled environment around the seal. The adaptive design of our new piston accumulator provides a constant supply of clean, cool, pressurized barrier fluid to the faces of the dual mechanical seal. The accumulator tracks the seal-chamber pressure and boosts the pressure to the mechanical seal, to ensure pressure at the seal is always greater than the pressure in the seal chamber. The new, standard design is ergonomic compliant with global standards and has multiple options to accommodate various applications.

Launched in Q3 2020, our **SIHI Liquid Ring Compressor**, used in vapor recovery units across multiple market segments is in high demand. These two-stage liquid ring compressors are designed to compress many kinds of gases and vapors. Proven technology enables them to operate under severe conditions, where safety, reliability and special processes are critical.

### Life-cycle cost design

Launched in Q3 2020, the **Valtek Compressor Anti-Surge Valve** features a revolutionary design protected by multiple patent applications. Anti-surge valves typically rely on a complex arrangement of volume boosters, lock-up valves and other pneumatic components that are difficult to tune and maintain and are prone to failure. Our Valtek valve eliminates complex ancillary equipment and the need to tune or balance individual boosters and pneumatic components. It also provides fast setup with a simple, one-button calibration and easy tuning and

repair without relying on factory experts. The Logix 3800 JetFlow™ positioner is easily retrofitted to existing installations, allowing operators to upgrade or entirely replace previously supplied Flowserve anti-surge valves.

Launched in Q2 2020, the **NR Reservoir's** modular design provides a lower cost of installation and maintenance to simplify customer adoption. The technology is readily adaptable to general industries, including water management, mining and agriculture.

Relaunched in Q3 2020, the **DVSH API BB1 Type Pump** family addresses the industry need for a Type BB1 (between bearing) pump with state-of-the-art engineering, high efficiencies, short lead times and highly competitive pricing. To meet the demand for flexible, pre-engineered design modules, we updated our highly reliable DVSH product using Design-to-Value (DtV) methods. Offering more than 100 distinct hydraulic sizes, our DVSH family of pumps now provides comprehensive coverage for all typical pipeline applications, which are cost effective and readily available. They help our pipeline customers realize lower initial cost of ownership, more on-time plant startups and lower energy consumption.

Our **VTP & VPC Vertical Turbine Pumps**, with more than 250 models available, are a comprehensive line of vertical turbine pumps. Launched in Q2 2020, our revamped Flowserve VTP & VPC Vertical Turbine Pump product portfolio employs a single modular design, standardized components, rationalized materials and standardized discharge head and pre-engineered Bill of Materials (BOMs); resulting in lower initial cost of ownership and on-time plant startups. In addition, we have conducted a full array of structural, rotor dynamic and thermal analyses to help optimize pump performance, energy efficiency, material requirements and reliability.

## DIGITZE

### Additive Manufacturing (3D Printing)

Our innovation doesn't stop with product design, we also create innovative solutions to accelerate new product development.

3D printed parts can be produced quicker and are typically more cost effective than conventional manufacturing processes. This allows a project to do multiple iterations of changes and get test results in the time it would take to get castings manufactured with one change – dramatically decreasing time to market for new product development. Additionally, we are using 3D printing of aftermarket parts to reduce inventory, carbon impact, long-distance logistics and metal waste involved with traditional manufacturing. Flowserve has technically validated additive manufacturing technologies for impellers under 16" in various materials and will continue to work to expand the materials part types and sizes available for such processes.

3D printed parts can be produced quicker and are typically more cost effective than conventional manufacturing processes.



**REDRAVEN™**

We made significant strides in the development and innovation of our digital capabilities through the launch of RedRaven. RedRaven is our complete industrial Internet of Things (IoT) solution that gives customers the tools and insights to monitor and optimize flow control equipment performance and proactively identify and address issues before they cause downtime and disruptions. RedRaven technologies offer advanced predictive analytics for many of our pump product lines, as well as actuators and positioners.

We are continuing to invest in the development of leading-edge analytics for seals, valves and automation products, as well as in the advancements of flow control system modeling to refine analytics to optimize process efficiency and performance. This effort supports our energy transition strategy and enables our customers to further improve plant and flow control performance.

**Product Simulation and Digital Twin**

We continue to develop our digital capabilities through the use of simulation and digital twin development. Simulations can reduce engineering intensity, improve designs, decrease the amount of iterations and proactively identify potential weak points affecting safety and reliability. Current product simulations include computational fluid dynamics in hydraulic designs, regression analysis in actuator design and simulated testing for seals before physical tests, which have saved almost \$1.2 million USD and two years of effort.

Additionally, digital twin development provides real-time simulations of our physical equipment in the field and allows us to model system measurements to give us a more robust understanding of how to optimize customer processes. We are currently developing digital sensors that mimic the performance of actual sensors, giving us the ability to sense flow rates and optimize our customers' processes.

**REDRAVEN SPOTLIGHTS**

- In 2020, a RedRaven trial helped a major US chemical customer prevent a potentially highly disruptive event. The grateful customer has subsequently expanded their RedRaven deployment.
- In another RedRaven trial, a European customer in the power industry was able to quickly identify an operating issue and took quick action to prevent damage to their pumps.



**Predict.  
Act.  
Protect.**



## OPTIMIZE

Beyond product design and digitization, we are also optimizing the way we develop our products.

### Remote Factory Acceptance Testing and Virtual Valve Assembly

We are continuing to optimize and automate manufacturing workflows to increase first pass yield by reducing errors and increasing productivity. We have also implemented Remote Factory Acceptance Testing (FAT) for valves, pumps and compressor seals via remote visualization. In 2020, Flowserve created the infrastructure to integrate virtual valve assembly (VVA) builds into the order engineering process and bring assembly teams in much earlier in the workflow. By avoiding costly, last-minute fixes during valve production due to reductions in bill of material errors, the estimated direct cost savings for engineering accuracy are expected to be approximately \$250K over four to five years. High value soft benefits include reducing assembly downtime and rework cost and improving customer on-time delivery. Customers can also have access to real-to-life digital valve avatars for their piping design layouts. Technical service groups can review virtual valve builds in preparation for service calls and while troubleshooting onsite with customers. And VVAs can be used in production to better review needed tools, personnel and training beforehand.

### Design to Value

Our Design-to-Value program enables us to redesign, rationalize and improve our products to deliver increased value to our customers while optimizing costs. Through our systemic, data-driven approach, we seek to continuously improve our product safety, quality, reliability, efficiency and manufacturability. When we can simplify a design, use less material and labor, or standardize parts without sacrificing quality, we increase energy efficiency and reduce carbon emissions and waste, ultimately helping us better serve our customers in a more sustainable way.

In 2020, we increased our investment in our global Design-to-Value team in Budapest, Hungary and used this process to improve a number of our products.

- We were able to increase the flow coefficient of our Valdisk valve plate by 27%, providing reduced pressure loss and electricity demand.

- For our Vertical Turbine Pump (VTP), we developed a cylindrical filter shape that reduces loss through the filter by 50%, increasing efficiency.
- We redesigned our Gaspac 120 product to provide simpler and easier machinability reducing carbon emissions and increasing efficiency.

We continue to leverage the Design-to-Value approach to enhance design flexibility and deliver unparalleled value to our customers.

### Localization

Flowserve is aggressively positioning our product and service offerings to be closer to the end markets we serve, which helps lower carbon emissions and waste associated with transoceanic logistics and allows us to partner more closely with our customers.

To that end, we have expanded our pump and valve product offerings in the Asia Pacific region, with more location optimization to follow. We are now able to provide local content actuation products in Saudi Arabia, after the successful localization of the Limitorque MX/QX product lines and we are working to complete the localization of the Limitorque Scotch Yoke products. We expect our next steps will include localization of our smart electric actuation business in Europe.

### Data Rationalization

We are using data science and analytics to optimize/rationalize products, reduce inventory and eliminate waste. Through our Master Data Management, we have been able to cleanse 2.6 million items from our Enterprise Resource Planning (ERP) systems helping us operate more efficiently.

### Technical Collaboration

In the realm of technical collaboration, we adopted mural collaboration software to accelerate engineering for design improvements via interactive visualization of design details and real-time brainstorming. Collectively thousands of improvements (Design Change Proposals or DCPs) were identified in 2020 across 25+ projects, many of which were then categorized, prioritized and incorporated into launched products.



**The TargetZero program  
unifies our goals and  
initiatives to further drive  
operational excellence  
and continuous  
improvement across  
Flowserve.**

## SUSTAINABLE OPERATIONS

In 2019, we created the TargetZero program to drive alignment across Flowserve and enable continuous improvement. The program is centered around five business targets: zero accidents, defects, delays, emissions and waste.

The TargetZero program unifies our goals and initiatives to further drive operational excellence and continuous improvement across Flowserve. It offers a comprehensive approach to increase the impact of our efforts to deliver unmatched value to our customers. Our team members and supplier partners are committed to our zero goals and participate in campaigns and programs throughout the year to advance operational improvements that enable a culture that prioritizes safety, quality, sustainability and continuous improvement.

### Zero accidents

Flowserve is dedicated to creating a workplace free of incidents and injuries that promotes the safety of everyone who works with us — from our associates to our customers. As such, we embrace a safety culture mindset that targets zero accidents, so everyone can return to their home in the same shape in which they arrived.

### Zero defects

Our customers, partners and team members rely on us to be able to design, create and deliver products and services that are reliable and free of defects. We have made a company-wide commitment to drive quality into everything we do — from designing, manufacturing and delivering our products to elevating the level of service we provide and expect from our internal and external business partners as well as our suppliers.

We are committed to providing quality products and services that meet or exceed the expectations of our customers and applicable regulatory

requirements. Our commitment to quality is demonstrated by our leadership in the nuclear industry. Since the 1950s, our products have met the stringent quality standards for nuclear processes used in several countries.

### Zero delays

Timely delivery of our work, products and services can make all the difference for those who count on us. As a company, we are focused on reducing lead times, enhancing our materials management and improving on-time delivery.

### Zero emissions

By improving our operations and providing superior products and services to our customers, we strive to eliminate unnecessary air emissions, increase energy efficiency, conserve water and stop solid waste generation. We are also dedicated to developing and maintaining relationships with suppliers who share the same commitment to environmental stewardship.

### Zero waste

For us, zero waste refers to eliminating waste in processes by utilizing methods such as Lean Six Sigma. Our focus on continuous improvement will enable us to drive efficiencies in our operations to better support our customers, partners and associates.

**TARGETZERO**  
**ACCIDENTS DEFECTS DELAYS**  
**EMISSIONS WASTE**

# SAFETY

## PRIORITIZING SAFETY

At Flowserve, we hold each other accountable for creating and maintaining safe workplaces and products for our associates, customers and communities. Managerial responsibility for our safety program resides with our Vice President of Operations who reports directly to our CEO and provides regular safety updates to our Executive Leadership Team.



FLS Lost Time Incident Rate  
FLS Total Recordable Incident Rate

Our commitment to the safety of our people can be traced back nearly 90 years when we joined the National Safety Council (NSC) and began participating in the NSC’s safety awareness, training and improvement programs. This long-term commitment to decreasing workplace accident rates is reflected in almost 30 years of a declining injury rate and receipt of more than 2,500 NSC awards.

## SAFETY WEEK

Every year, Flowserve associates around the world participate in Safety Week – a time when we commit to safety, highlight critical safety areas and focus on reaching our goal of zero accidents. During the week, we provide safety training and resources that reinforce our safety culture.

## STOP WORK AUTHORITY

Flowserve has various policies and programs in place to promote the health, safety and well-being of our people. Our Stop Work Authority Policy enables all employees to stop work when they perceive a condition or at-risk behavior that poses potential danger or when they are unsure how to safely proceed with work. Our focus on safety and environmental protection has also led to reductions in solvent emissions, solid waste and hazardous waste generation

at Flowserve facilities globally. For example, we conduct a Job Safety and Environmental Analysis (JSEA) prior to starting new work to ensure it can be performed safely and in an environmentally-responsible manner.

## REPORTING

Safety is a fundamental driver of our design process and our product engineering teams report and remedy product safety issues in a standardized and rigorous process. We report all safety incidents and product recalls through an internal system called the Corrective Action Report (CAR) system. We also use the CAR system to report product safety metrics on a regular basis.

Additionally, we conduct employee training on product safety every two years or earlier if product specifications require. Our Zero Defect Program (ZDP), which is described in the next section of this report, reinforces our commitment to safety and facilitates standardized quality management policies and processes to eliminate product defects, rework and scrap. Through ZDP, we also publicly report our product safety objectives and targets.





**SMA creates a dynamic process in which sites are actively managing leading indicators and cultural elements to promote safety in our business.**

**SAFETY MATURITY**

To continue improving safety and decreasing employee impacts, Flowserve uses a Safety Maturity Assessment (SMA) model designed by our Health, Safety and Environment (HSE) team to set expectations of a safety-focused working environment. The SMA outlines how we measure safety success in our business and provides a clear and prescribed path forward for improving safety at Flowserve.

The introduction of this model was a step-change away from compliance and the absence of injury as primary indicators of how well a location is performing. Instead, SMA creates a dynamic process in which sites are actively managing leading indicators and cultural elements to promote safety in our business.



# CREATE SAFE WORKPLACES AND PRODUCTS FOR OUR EMPLOYEES, CUSTOMERS AND COMMUNITIES



## SAFETY

In 2020, Flowserve received over 100 Perfect Safety and Million Workhours without a Lost Time awards from the National Safety Council (NSC). To promote operational excellence and help ensure the well-being of our employees, we continue to create and maintain safe working environments, empower our people to identify and report safety concerns, and act to correct hazards. Last year, our workforce reported more than 62,000 observations recognizing safe behaviors and highlighting opportunities to improve safety performance.

QUALITY

Flowserve products and services help provide energy, water, food and other essential materials to a growing world. As such, we place critical importance on delivering flow control equipment and expertise conforming to the highest quality standards. Flowserve manages product quality through its Zero Defect Program (ZDP). Our quality program includes a comprehensive set of processes and procedures focused on eliminating product defects and addressing customer equipment issues. The program has the additional benefit of improving operating efficiency by reducing materials, cycle time and labor expense.

During our annual Zero Defect Week, we provide our associates with a refresher of our ZDP and highlight how teams across Flowserve are incorporating the program into their day-to-day activities. Additionally, we share material and resources that help address customer and supplier quality.

ZERO DEFECT PROGRAM



We place critical importance on delivering flow control equipment and expertise conforming to the highest quality standards.



LEADERSHIP COMMITMENT

Flowserve’s executive leadership is committed to the goal of achieving zero defects in its manufacturing processes. Consistent with our core values, Flowserve is further committed to public notification and/or recall of any nonconforming product that poses a public safety concern.

The Vice President of Operations, Platform Vice Presidents of Operation, Global Quality Leader, Deputy Quality Leader, Platform Quality Leaders and Functional Quality Leaders form the global Quality Executive Team (QET). This team is accountable for the overall design and performance of the company’s quality management system. The team meets regularly to assess management system effectiveness and make any necessary adjustments to drive improvement.

Additionally, an executive-level team which includes the Regional Quality Managers and Functional Quality Managers form the Quality Leadership Team (QLT), which is responsible for execution of the Zero Defect Program. This team is the face and leader of ZDP at the site and function level and provides timely feedback to the QET on project execution. The team meets monthly to review ZDP implementation progress and effectiveness.

EMPLOYEE ENGAGEMENT

Quality Improvement Teams (QITs) manage the ZDP at the site/functional level. The teams are comprised of site/functional Quality Leads and the associated regional Quality Manager. Their purpose is to review all aspects of quality program implementation and provide feedback to the QLT, sharing both ZDP successes and opportunities.

Flowserve views employee education and awareness as an important element of its overall quality program. Our efforts include worker training, auditor training,

workdays dedicated to education on defect elimination topics, employee recognition and organized Quality Councils. The goal of these programs is to help ensure all Flowserve employees:

- Aspire to complete their processes and job responsibilities with zero defects
- Recognize that delivered product quality can impact our customers’ operational safety
- Are educated on and follow our policies and procedures to the best of their abilities
- Know their responsibility and authority to stop work when a quality issue is discovered and ask for assistance in its resolution
- Take ownership in our quality journey and hold each other accountable

MEASUREMENT

Flowserve has established metrics for tracking product non-conformance. We monitor quality through a set of key performance indicators (KPIs): Customer Issue Management, Manufacturing Process First Pass Yield, Product Rework, Scrap and Warranty Claims. Going further, we collect metrics associated with resolving individual customer product quality concerns, including defect severity and issue resolution time. KPIs and associated metrics are maintained and managed in a common database with graphics that allow efficient assessment of quality trends and corrective actions. Metrics are updated daily or monthly (depending on the KPI data source) to promote timely resolutions of quality issues and visualization of quality trends.

QUALITY AWARENESS

Employees receive periodic training on ISO 9001:2015 and other relevant industry-specific quality standards methodology and how to apply its principles to manufacturing operations. This training also educates employees on how to conduct and respond to quality management audits. Quality management audits are conducted at Flowserve facilities by key external stakeholders, including customers and external agencies.

Safety is an integral part of our design process and Flowserve Product Engineering teams conduct regular product safety audits. Audits are conducted and directed under the supervision of the Lead Auditor. The Lead Auditor performing the audit is trained and certified in accordance with the scope, complexity or special nature of the audited activities. Auditors who are qualified and certified as Lead Auditors in the specific discipline (NQA-1, ISO 9001:2015, API Q1 and/or Q2, ANSI/ESD S20.20 Plant Auditor) lead the audit.

Some employees also receive Remote Auditor Training. Remote auditing allows auditors to review documentation, conduct interviews and site tours using video technology and online tools. Remote audits maintain the high standards of on-site audits while offering increased business flexibility and safety. Multiple stakeholders can simultaneously co-witness an audit and interact with auditors via a live stream link. Remote audits promote safety and sustainability. They also reduce health and safety risks by reducing travel to hazardous or remote locations and reduce travel-related carbon emissions and cost.

Supplier Auditor Training develops personnel to evaluate and address potential supply chain issues that might impact Flowserve manufacturing quality. Periodic vendors audits promote compliance with Flowserve quality requirements and specifications and is important to strive to ensure vendors/supplier conform to Flowserve’s quality program and recognized industrial standards.

Product safety training is included in our employee standard safety and product-related training programs, with special emphasis on equipment assembly personnel. Additionally, Flowserve provides customer training programs aimed at promoting safe operation and maintenance of flow control equipment.

Flowserve maintains ISO 9001:2015 certification at all original equipment (OE) manufacturing facilities worldwide. All site quality certification documents are stored in a common database that tracks audit schedules, expiration dates and other management system information. Additionally, we maintain ISO 14001 environmental and ISO 45001 safety certifications at several of these facilities.

For the maximum protection of life and property, the American Society of Mechanical Engineers (ASME) provides rigorous rules for high pressure equipment. In many countries, governments require our customers to purchase ASME labeled flow control equipment. Applicable Flowserve products conform to ASME Standards and receive the “U” or “R” stamp designation based on new or repaired product status. The ASME requirements apply to the design, fabrication, inspection and testing of pressure vessels, including high pressure pumps. Flowserve products conform to applicable industry standards governing the safe use of its products in potable water service, including NSF/ANSI/61.



All of Flowserve's 60 global manufacturing facilities have received ISO 9001:2015 certification.

## DEFECT MANAGEMENT

Promoting quality by addressing product issues is a key aspect of the Flowserve Zero Defect Program (ZDP). We seek to continuously improve product quality and reduce defects by preventing defective product shipments, correcting quality issues in a timely manner and preventing future non-conforming product issues.

Facilities maintain procedures to work to ensure that product which does not conform to specified requirements are prevented from unintended use or delivery. These procedures define the controls and related responsibilities and authorities for dealing with non-conforming product. When a non-conformance occurs, controls require identification, documentation, evaluation, segregation and disposition of non-conforming products and for notification to the functions or parties concerned.

We use Flowserve's Corrective Action Request (CAR) system to log all actions addressing non-conformance issues. The CAR system promotes the effective handling of customer concerns and reports of product non-conformities through:

- The use of Root Cause Analysis (RCA) tools to determine necessary corrective actions
- Applying controls so that corrective action is taken and that it is effective
- Reviewing and recording the effectiveness of corrective actions taken

Flowserve sites investigate actions to preempt future non-conformities using appropriate sources of information and analytical tools. If preventative actions can be identified and implemented, we periodically assess the effectiveness of these actions to reduce defects. Sites use the CAR System to record all preventative actions to eliminate future non-conformities, in addition to the corrective actions identified by the root cause analysis.



# SPOTLIGHT STORY

## ASSEMBLING OUR VALVES VIRTUALLY TO BETTER SERVE OUR CUSTOMERS

To better support the needs of our customers, we integrated a virtual valve assembly into the order engineering process, giving customers access to real-to-life valve avatars. The digitization of our valves prior to physical production helps remove errors and potential rework, as well as improves on-time delivery – allowing us to better serve our customers in a more sustainable and energy efficient way.



# PRODUCT LIFECYCLE

Accurately predicting equipment performance alerts customers to potential process failures before they happen, increasing asset availability and uptime and reducing maintenance costs. We help customers understand how their equipment is performing in real time. Then we take equipment monitoring a step further, by combining wireless asset monitoring and predictive analytics algorithms that interpret data to help determine when and why equipment will fail — and provide equipment and process solutions to prevent or minimize business interruption.

To maintain process efficiency, our engineers can reduce downtime and improve safety at customer sites via targeted equipment evaluations, field performance tests and complex system assessments. We can enhance operator skills by providing certified trainers at customer sites or hosting teams at one of our world-class training facilities. We can also streamline inventory and equipment management to reduce customer operating costs. Flowserve operates a global network of service centers which can ship a large selection of quality replacement parts in as little as 24 - 48 hours so maintenance teams can quickly get equipment back into operation. Our technicians troubleshoot and repair customer critical assets at their site or at our facilities, helping to minimize process interruptions.

## LIFECYCLE EMISSIONS

We break down product lifecycle greenhouse gas emissions (GHG) into three phases:

- The sum of Scope 1 and Scope 2 carbon emissions associated with the Flowserve manufacturing process, including Scope 3 supplier emissions associated with component manufacturing and transportation
- Customer carbon emissions associated with electricity generation required to run flow control equipment in the usage phase
- The carbon emission associated with recycle or disposal of the pump at end of its service life

## MINIMIZING CARBON EMISSIONS

Studies commissioned by the European Union (EU) indicate most GHG production occurs in the use phase; however, specific customer carbon emissions depend on their source of electrical power. Efforts to reduce energy consumption benefit the environment and can provide significant cost savings to the end user. The ways Flowserve maximizes energy efficiency include:

- Pump designs engineered for maximum efficiency
- Pump offerings for carbon capture, utilization and storage (CCUS)
- Pump selection based on understanding user requirements
- Offering robust product lines so that the selection will be close to the pump's best efficiency
- Supplying high efficiency motors
- Fitting sealing systems which minimize energy consumption and coolant
- Guiding the user in the most efficient control systems for the application (e.g. variable frequency drives for variable duty applications)
- Support through the entire life of a product to help ensure pump operation at the optimum efficiency point
- Supporting pump industry programs for energy reduction:
  - EU programs for regulating the minimum permitted efficiency of pumps
  - Publications on life cycle costs and pump system optimization
  - Developing common pump industry standards for managing environmental footprint

Efforts to reduce energy consumption benefit the environment and can provide significant cost savings to the end user.



# SPOTLIGHT STORY

## CREATING ELECTRICITY WHILE DRIVING ENERGY EFFICIENCY

Flowserve supplied gas seals and associated panels to Enertime, a turbine manufacturer. Our products will be used in an energy recovery turbine – these turbines use excess pressure in the gas pipeline to drive a generator and create electricity. This innovative solution is a direct contribution to driving energy efficiency and conservation – helping make the world better for everyone.

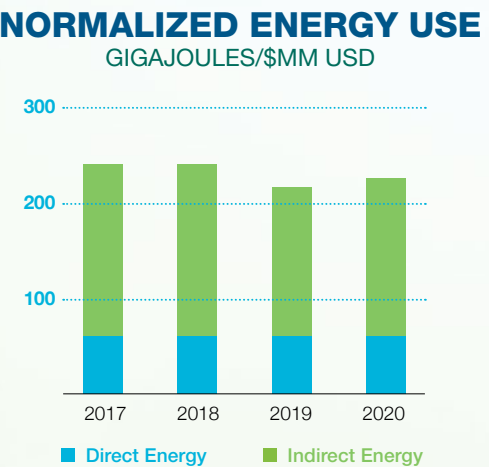
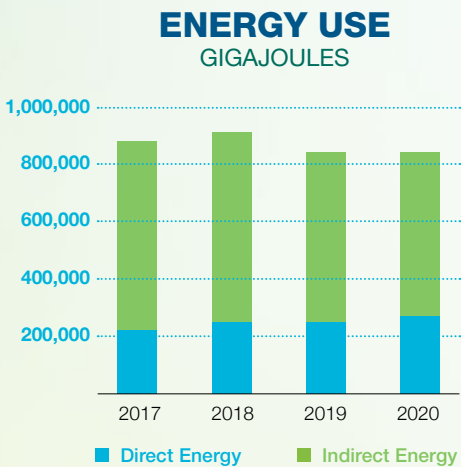
# ENVIRONMENTAL PROTECTION/OPERATING EMISSIONS

## ENERGY USE

Our energy use is the combination of consumed fuels (direct) and purchased (indirect) energy consumption. Natural gas, diesel and kerosene are the primary fuels consumed at our facilities (75%, 13% and 3%, respectively). Grid electricity is the primary source of indirect energy.

To account for fluctuations in business activity, we report both absolute energy use and energy use intensity (absolute energy use indexed against revenue).

Combined direct and indirect energy use declined 0.5% in absolute terms. Overall energy use intensity increased 5% on the basis of lower revenue versus 2019. Compared with 2017, absolute energy use and energy use intensity have declined 4% and 6%, respectively.

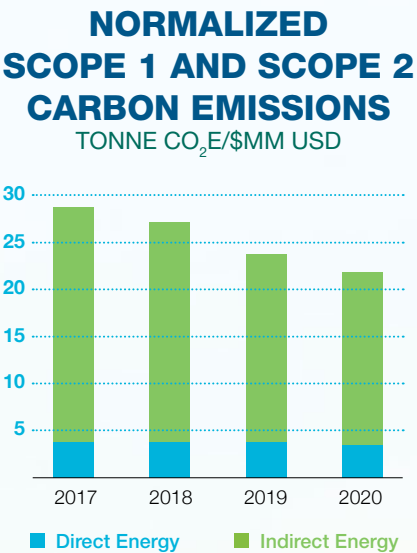
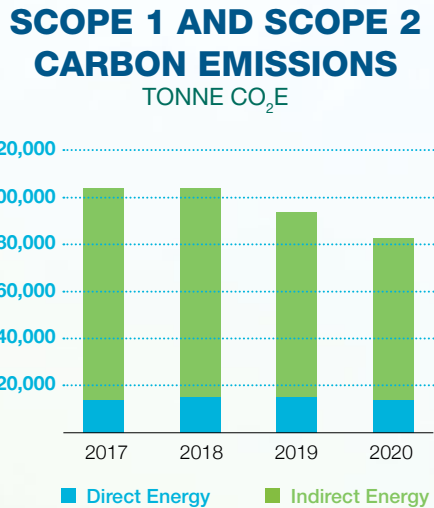


## GREENHOUSE GAS (GHG) EMISSIONS

Carbon emission are reported based on GHG Protocol reporting standards. We report metrics on all Flowserve facilities under our operational control.

- Scope 1 Direct emissions – combustion of fuels
- Scope 2 Indirect emissions – emissions from purchased energy
- Scope 3 Other indirect emissions – supply chain and other business-related emissions.

Flowserve reports Scope 1 and Scope 2 emissions on both absolute and intensity (revenue) basis. Scope 3 emissions are only reported on an absolute basis. This report marks the first year Flowserve reports on select Scope 3 categories.

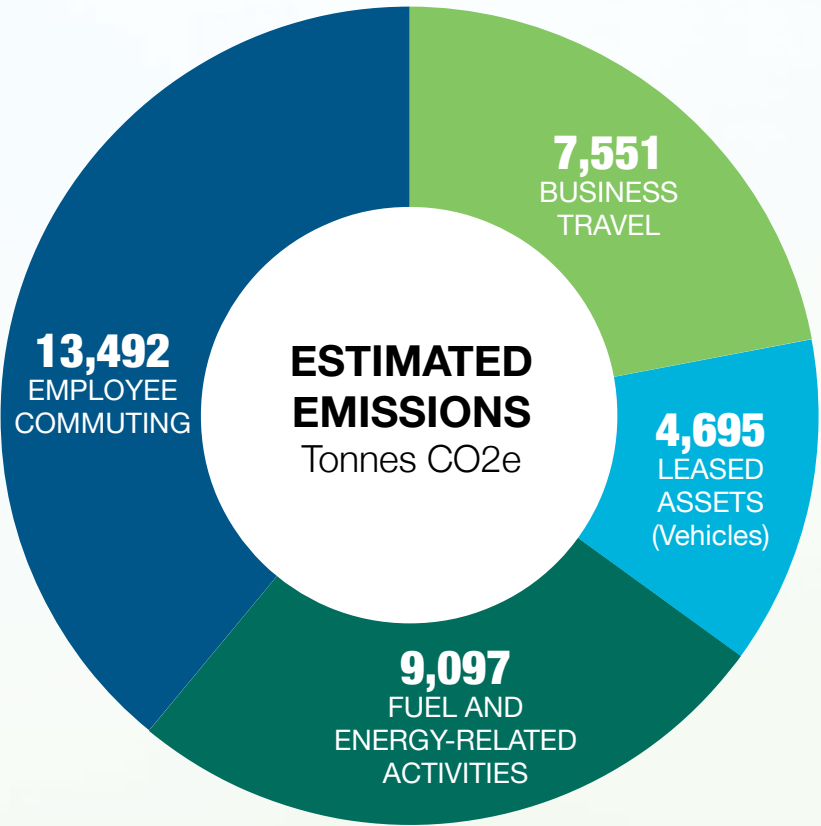


## DIRECT AND INDIRECT (SCOPE 1 AND SCOPE 2) EMISSIONS

Reported Scope 1 and Scope 2 carbon emissions decreased 6% and 11%, respectively. The decrease is largely due to updated emission factors and continued energy efficiency project execution. Where available, Flowserve used “residual” electrical grid emission factors which account for renewable content contracted by other business entities. Overall Scope 1 and Scope 2 carbon intensity decreased 5%.

## OTHER INDIRECT (SCOPE 3) EMISSIONS

We report on four of the fifteen Scope 3 categories: employee commuting, business travel, fuel and energy-related activities and leased assets.



## CRITERIA POLLUTANTS

The use of hydrocarbon fuels results in the formation of certain combustion byproducts referred to as criteria pollutants. This includes nitrogen oxides (“NOx”), sulfur oxides (“SOx”), particulates and total organic compounds. While criteria pollutants are not believed to contribute to global warming, they can act as precursors to ground-level ozone formation and acid rain. Flowserve evaluated the criterial pollutants generated from all fuel used in its operations and found the total NOx, SOx, TOC and particulate matter was a relatively low 70 Tonnes, 4 Tonnes, 6 Tonnes and 5 Tonnes, respectively.

## ENERGY CONSERVATION

Flowserve is actively working to improve energy efficiency in our facilities and in our customer operations. Flowserve completed 44 energy efficiency projects in 2020, resulting in 5.7 million kilowatt-hours of energy savings relative to 2019. The reduction was largely due to the replacement of older lighting sources with light emitting diode (LED) technology.

## RENEWABLE ENERGY

Flowserve operates onsite solar photovoltaic (PV) systems at three of its facilities and has multiple additional systems under consideration globally. Additionally, we contract for renewable power at certain facilities. Total onsite and contracted renewable power represents approximately 3.4% of overall electricity demand.



# SPOTLIGHT STORY

## PROMOTING SUSTAINABILITY THROUGH WATER CONSERVATION

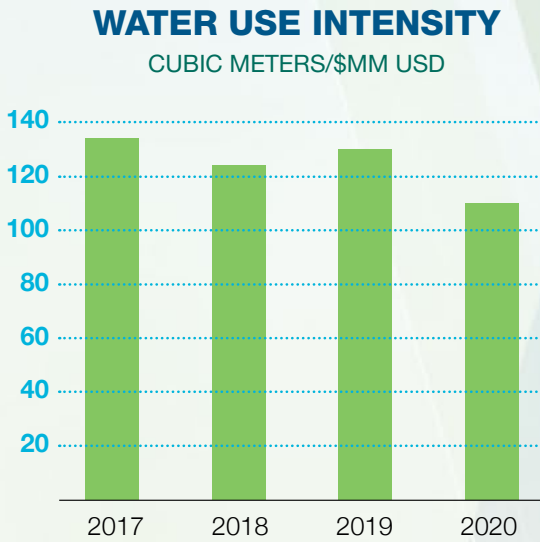
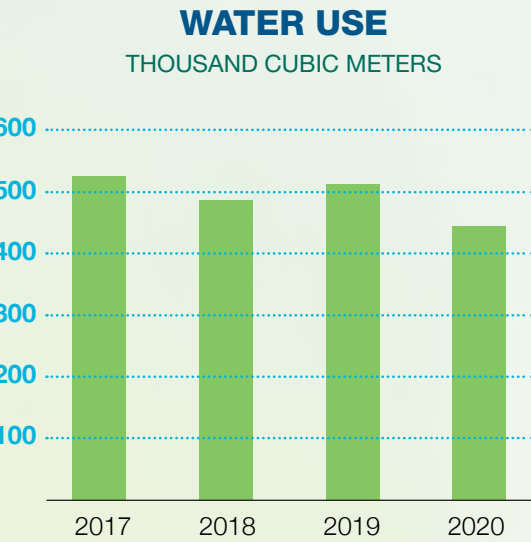
Our Flowserve Pumps Division site in Rio de Janeiro, Brazil, is using reclaimed water and rainwater for almost all of its testing and processing water needs – conserving clean water for surrounding communities.

WATER USE

Flowserve is committed to conserving fresh water resources throughout our operations. This commitment involves various water conservation strategies, including the recycling of water used to hydrotest products and confirming water discharges meet point source and pretreatment effluent requirements.

Closed-loop systems to recycle and reuse freshwater are in operation at many of our facilities worldwide. Hydrotesting typically involves installing a new pump in a flow loop and operating it at various speeds to verify performance. The process typically results in negligible degradation to water quality, which allows it to be recycled multiple times for pump testing or discharged with minimal pollutant loading.

Water use across Flowserve facilities during 2020 was 428,940 cubic meters, or 115 cubic meters per million dollars in sales. This usage represents a 18% decrease in water use versus 2017.



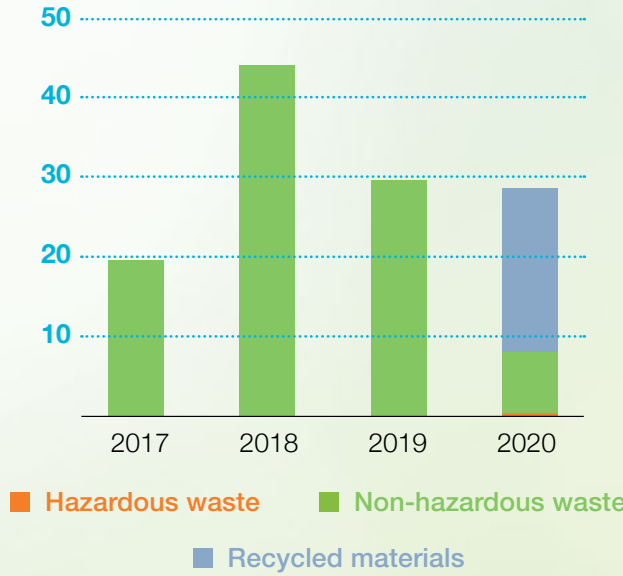
WASTE GENERATION AND RECYCLING

Consistent with our focus on operational excellence and sustainable development approach, Flowserve seeks to reduce the volume and toxicity of discarded materials related to its manufacturing processes. Where discarded materials retain commercial value, we focus on recycling and reuse opportunities, including scrap metal, machining coolants, used oil, scrap wood, and packaging materials. Materials that are not reused or recycled are managed according to federal, state and local environmental regulations.

In prior ESG/Sustainability Reports, Flowserve quantified discarded materials only on the basis of hazardous and nonhazardous waste materials. This report marks the first year Flowserve separately reports the volume of recycled or reused materials. Recycled materials are largely scrap metals, used oil, wood, cardboard and paper.

Combined recycled and discarded waste materials declined 3%, versus the reported 2019 discarded waste volume. Recycled materials accounted for 72% of the of the overall 2020 discarded waste and recycle volume. Only 1% of the 2020 overall volume is classified as hazardous waste (as defined by the US Environmental Protection Agency).

**RECYCLED AND DISCARDED MATERIALS**  
THOUSAND TONNES



A young boy with dark hair is drinking water from a clear glass. He is looking towards the camera with a slight smile. The background is blurred, showing what appears to be a colorful wall.

# SPOTLIGHT STORY

## HELPING BRING DRINKING WATER TO BALI

Flowserve is more than just the products we make and the services we provide – we are committed to serving our communities. Through our community impact programs, Flowserve Cares, we teamed up with Social Impakt to deliver ceramic water filters to rural communities in Bali helping improve their access to clean drinking water.



# FOCUSING ON PEOPLE

## CULTURE

In 2018 we embarked on our journey to transform the way we think, act and operate as a company. We began by redefining our purpose and values, which are the foundation and guiding principles of Flowserve. As a next step in ensuring we bring our purpose and values to life, we developed our behaviors in 2019.

Through our purpose, values and behaviors, we create an inspired, engaged workforce that delivers extraordinary solutions – making the world better for everyone while also ensuring our collective success.

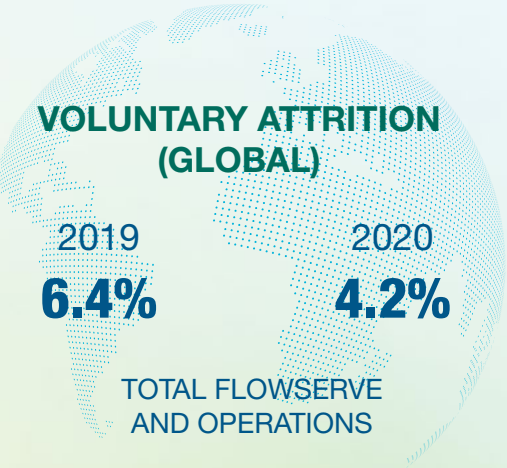
Our purpose, together we create extraordinary flow control solutions to make the world better for everyone, is the reason why we come to work. Flowserve’s values, People; Safety; Integrity; Innovation; Ownership; and Excellence, are the guiding principles for how we achieve our purpose. Our behaviors shape the actions and decisions we make on an everyday basis to help ensure we are always meeting our purpose and values.

### EMPLOYEE ENGAGEMENT

Since the inception of our values and behaviors, we have taken steps to align our actions as a company to our purpose, values and behaviors and recognize our success through ‘values moments’ shared among teams and in enterprise communication.

In 2020, we invited all associates to share their feedback on the Flowserve experience and drive continuous improvement through our global employee engagement survey. Through the survey, we were recognized for living our values through our clear commitments to creating a safe workplace, acting with integrity and creating a collaborative culture between associates and their managers. More than 12,000 associates reported being more engaged, energetic and proud about Flowserve than ever before.

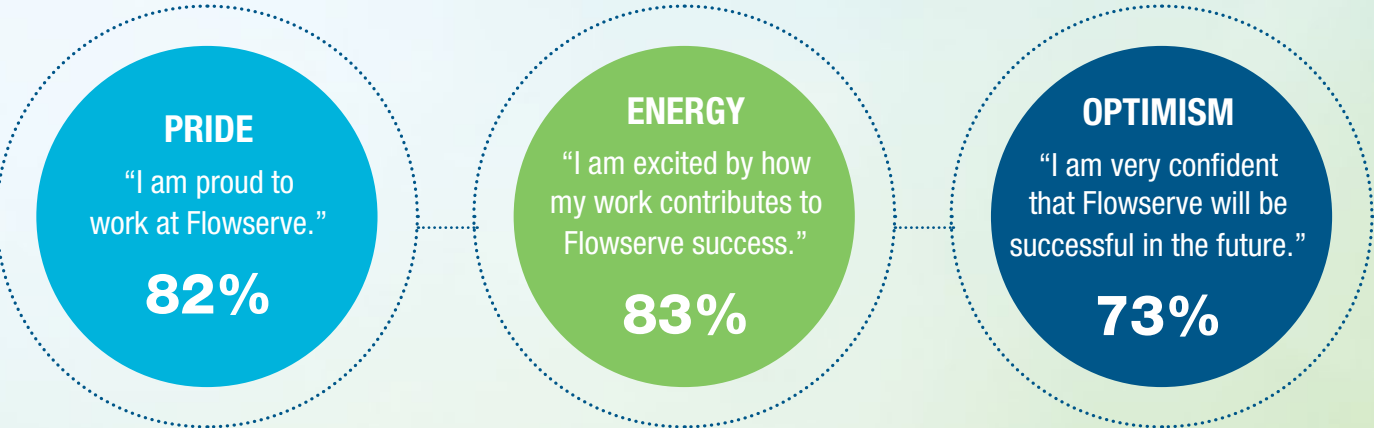
At Flowserve, the collective energy of our people sets us apart. We live our People value each day through the programs and benefits we offer to develop each other, embrace differences, respect one another and create a collaborative culture.



## TOP SCORING QUESTIONS



### Our core values were reflected in our results.



In 2020, our associates were more energized and engaged than ever – pride is at an all-time high.



# DIVERSITY, EQUITY AND INCLUSION

Embracing differences is a core aspect of our People value at Flowserve. Our diversity of thought, background and experience is a powerful catalyst for success.

It is critical that as we live out our purpose to make the world better for everyone, we are recognized as an organization that is inclusive regardless of gender, race, nationality, or religious beliefs. Building an inclusive mindset allows us to influence positive change in the communities where we live and work and ultimately provide greater value to our customers with diverse, innovative thinking.

Since 2017, we have expanded the racial diversity of our Executive Leadership Team (ELT) from 10% to 30%. Similarly, women represent 45% of our current ELT and 40% of our Board of Directors represents diverse groups. Considering this growth, Flowserve was recognized by the Diversity Research Institute as #12 on the list of Top 25 Most Diverse Companies of the Texas Fortune 1000 for the diversity of our executive leadership in 2020.

Our success here begins and ends with our people and in 2020 we began a journey within to strengthen our culture of inclusion.

## LISTEN TO LEAD

In 2020, a group of Flowserve leaders pioneered a program to create trust and respect among teams, an important aspect of Flowserve's behaviors. Flowserve leaders engaged members of their team in group or individual discussions about their experiences with diversity and inclusion and learned about how they see and experience the world. Both participants and the facilitating leaders learned to look at familiar things in new ways and had the opportunity to expand their personal perspective on how diversity and inclusion impacts everyone differently. Feedback from the sessions was overwhelmingly positive, so looking forward, deeper levels of leaders in the organization will be trained and equipped to expand these sessions to strengthen the culture of inclusion among as many associates as possible.

## OBSERVANCES & SPEAKER SERIES

Each month, Flowserve participates in national and global observances by sharing educational content with associates that raises awareness of cultural celebrations and experiences. Through these observance communications, we strive to inspire mutual understanding and greater empathy across our global workforce. As a multi-national organization, recognition and education of cultural observances is an important part of creating a greater understanding and appreciation for each other's experiences and for the experiences of our global customer base. An important way that we engage our associates in Diversity, Equity and Inclusion (DE&I) is through a Speaker Series aligned to the global observances. These events offer inspiration from an external speaker whose experience with diversity and inclusion expands our employee's perspective on relevant DE&I topics and challenges.

## STRENGTHENING OUR CULTURE OF INCLUSION

At Flowserve, we see our DE&I journey as a movement, not a moment. We are committed to the ongoing education of all our associates to drive inclusion, combat bias and positively impact our communities in and outside of Flowserve. Looking forward, we will engage top leadership in ongoing education around unconscious bias and leading with inclusivity. We have also partnered with McKinsey to offer a select group of associates an accelerated learning experience in strategic management through their Black Leadership Academy. Education of cultural observances will continue to be a key part of our regular enterprise communication with more opportunities for engagement and employee storytelling.

**Through cultural  
observance  
communications,  
we strive to inspire mutual  
understanding and greater  
empathy across our  
global workforce.**

# TALENT DEVELOPMENT

## PERFORMANCE MANAGEMENT AND CONTINUOUS COACHING

Growing our people is an important aspect of the Flowserve journey and we partner with our associates to build the skills needed to reach their short-term and long-term career goals. Performance management is a process at Flowserve that enables higher levels of performance within the organization. It helps associates to see how their work contributes to Flowserve's success, allows for ongoing performance conversations and serves to assist in the evaluation of performance.

As part of the performance management process, associates and their managers work as a team to define objectives and expectations and seek to ensure they are linked to Flowserve's key strategic objectives. Performance and development feedback discussions between associates and managers are ongoing throughout the year vs. points in time. We believe in an ongoing dialogue to promote timely feedback and discussion. Formal discussions and overall rating of performance takes place and are documented at year-end. Setting goals with associates individually and collectively supports our People value and the opportunity to give and receive feedback throughout the year leads to development of associates in their current role and beyond.

To support this, we offer ongoing development opportunities like leadership and management training, rotational programs, professional memberships and e-learning for associates.

## LEADERSHIP DEVELOPMENT

Great leaders engage and motivate. In 2018, we started a journey with our top 400 leaders to create a customized experience that helped leaders sharpen their skills in working with an enterprise mindset and supporting change. As a part of this, leaders were equipped with practical knowledge and strategies to effectively lead their teams by providing effective feedback, gaining self-awareness and learning to delegate. Highly capable people leaders increase employee engagement, so our focus has been to inspire from the top and apply those learnings down into the organization.

In 2020, COVID-19 shifted our focus to equipping leaders to thrive in a virtual environment. The focus was expanded to all levels of people leaders and we will continue to broaden our leadership education for the future.

Looking forward, we will engage 2000+ people leaders in a development program focused on the foundational capabilities of leadership and anchored in Flowserve behaviors. Together, these leaders will advance their skills in collaborating across the enterprise, developing their teams and strengthening our culture of inclusion.

## PLANT MANAGER EXCELLENCE PROGRAM

The Plant Manager Excellence Program was designed to strengthen the operational and leadership capabilities of a critical role at Flowserve – the Plant Manager. The program drives increased efficiency and effectiveness at our global sites. Through this program, our Plant Managers have established global peer networks to support collaboration and best practice sharing for successful plant management. Participants also learn to integrate the Flowserve behaviors in how they work across the globe to deliver beyond our customer expectations while prioritizing our Safety and Ownership values to drive accountability for Operational Excellence across sites.

## UNIVERSITY ROTATIONAL PROGRAM

The University Leaders Rotational Program, Ignite, was established to accelerate the development of early career technical talent through defined but diverse experiences. The experiences are designed to build a talent pipeline for future leaders with a broad perspective and a strong foundational understanding of Flowserve operations. The participants rotate through a variety of operational roles with access to engaged leaders and mentors while following a robust curriculum.

Through this program, the participants learn the importance of diverse experiences, how to work with an enterprise mindset across teams and sites, the importance of building a strong network and how mobility can support career growth opportunities. The participants drive our Innovation and Excellence values through Action Learning Projects (ALPs) to create new solutions and continuous

improvement opportunities for operational challenges. ALPs require that participants take ownership to drive results and achieve committed outcomes, but also dive into lessons learned to explore the outcomes.

In 2020, the program consisted of 30+ participants from 20 universities. More than 50% of participants represented people of color and 19% of the program participants were female.

Looking forward, Flowserve is committed to expanding female representation within the program while also reaching universities around the globe. Plans are also underway to expand the program to engagement and service within the participants' communities through Flowserve Cares.

## LEARNING (TRAINING)

Flowserve also offers a variety of internal company training options to increase organizational knowledge. We believe the majority of training and learning experiences happen on the job. In addition, Flowserve makes e-learning curriculums available from several online partners to provide ongoing training opportunities in the areas of business conduct, safety, management, global languages and industrial manufacturing skills. Our training programs provide our associates the opportunity to grow as professionals and leaders.

In 2020, 15,955 associates engaged in continuous improvement by completing an average of 11 hours of professional training each through our Learning Management System.

Flowserve also offers an Educational Assistance Benefit that provides associates with opportunities to expand their knowledge and skills through degree-seeking programs that advance career opportunities.

**SHOW PASSION FOR  
CONTINUOUS IMPROVEMENT.**

**PLANT  
MANAGER  
EXCELLENCE  
PROGRAM**



## EXCELLENCE

Veronica Dols joined the Flowserve team more than 20 years ago looking to fulfill her passion for the mechanics of pump hydraulics and flow control. She has served in almost every role supporting our Pumps organization, including Plant Manager of our Pozuelo, Spain facility in 2020. In this role, Veronica was responsible for driving excellence within the plant – from operational and financial health to delivering beyond customers' expectations and building a great team. Through Veronica's experience with the Plant Manager Excellence Program in 2020, she was able to strengthen her leadership capabilities and sharpen her skills to further accountability for operational excellence across the facility.

# TOTAL REWARDS AND LABOR RELATIONS

## COMPENSATION AND BENEFITS

Our market-based compensation and benefits philosophy helps ensure we are offering benefits and support services aligned to the needs of our associates now and in the future. Our goal is to improve the well-being of our associates through programs that meet their needs and the needs of their families. We offer support services in mental health, financial wellness, physical health and more. At Flowserve, we are on a journey to educate and engage our associates in all facets of their well-being through internal campaigns, webinars, educational content and partnerships with leading wellness partners across the globe.

We also offer pay programs, from annual incentive plans to peer-to-peer recognition opportunities, to reward associates for high performance and delivery of our purpose, values and behaviors.

## EMPLOYEE RECOGNITION

The Spirit of Flowserve, our internal employee recognition program, supports our business strategy, our values and our vision to drive an innovative culture, customer-centric mindset, employee engagement and talent retention. Recognition can include e-cards, varied levels of monetary awards and in exceptional instances company stock. We also have targeted programs for Engineering, Sales and 5-year-tenure anniversaries. Associates are encouraged to recognize each other for efforts like:

- Level of effort above typical duties & responsibilities
- Perseverance to overcome obstacles or barriers
- Scope of impact for achievement
- Financial savings to the organization or process improvement

## MANAGEMENT APPROACH FOR LABOR RELATIONS

Flowserve respects the legal rights of its associates to join or to refrain from joining worker organizations, including labor organizations, works councils or trade unions, and has adopted a Freedom of Association policy. In 2020, 32% of our associates were covered under a collective bargaining agreement. Flowserve strives to comply with applicable local laws worldwide regarding employee and third-party involvement and endeavors not to discriminate based on an employee's decision to join or not join a labor organization. The company's long-standing belief is that the interests of Flowserve and its associates are best served through a favorable, collaborative work environment with direct communication between associates and management. Flowserve endeavors to establish such favorable employment conditions to promote positive relationships between associates and managers, to facilitate employee communications and to support employee development.

## SUPPORTING OUR PEOPLE THROUGH THE PANDEMIC

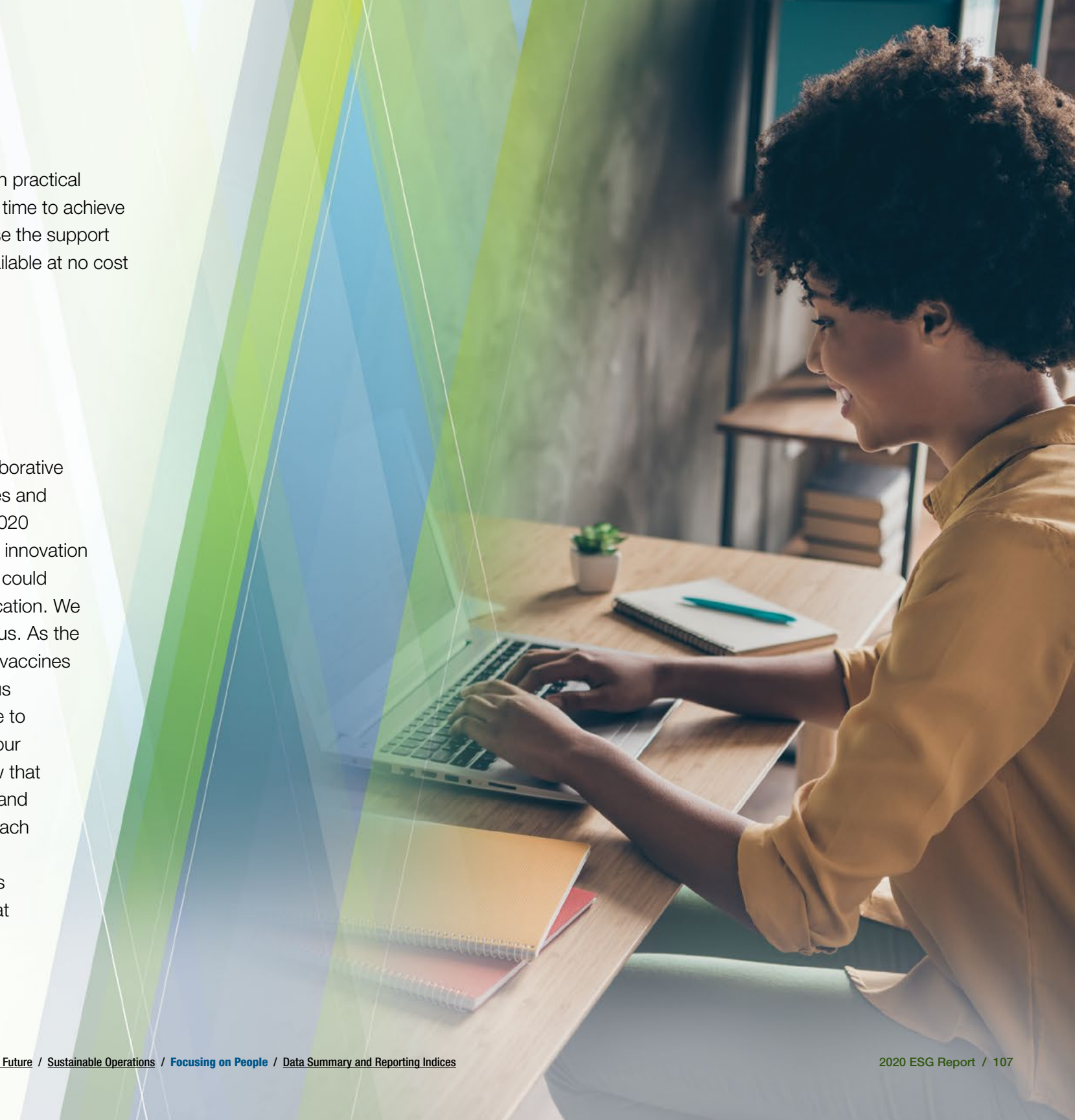
Flowserve quickly recognized the virus represented a potential safety and business interruption concern and took immediate action to protect employees, contractors and site visitors. Aligned with our People value, Flowserve allowed employees who could perform their work remotely to work from home to promote the safety of all employees. The decision reduced the number of onsite personnel, increased overall facility social distancing and reduced potential virus transmission from family members.

We implemented an internal website early on in the pandemic dedicated to keeping our employees informed and supporting leaders and teams in succeeding in a virtual workplace. Through this channel, leaders were equipped to not only lead their teams virtually, but support their teams through the personal challenges of achieving flexibility and balance. Teams were equipped with tools and resources for staying connected – like effective collaboration and communication in a virtual

environment. Employees were equipped with practical tools and educational material on managing time to achieve balance, dealing with change and how to use the support resources for their health and well-being available at no cost through Flowserve.

## WORK LOCATION FLEXIBILITY

Our People value drives us to create a collaborative culture that's inclusive of different work styles and personal circumstances. As the events of 2020 progressed, we recognized that excellence, innovation and delivering a great customer experience could thrive regardless of our associates' work location. We continue to monitor trends related to the virus. As the trends have changed with the availability of vaccines and we begin resuming our routine in various parts of the world, we are proud to continue to offer work location flexibility as a benefit to our associates where job duties allow. We know that our associates have unique circumstances and believe there is not a 'one size fits all' approach to work location flexibility. Managers are encouraged to work closely with their teams to honor work location flexibility in a way that makes sense for both the business and personal preferences.



# COMMUNITY ENGAGEMENT

Throughout our history and across the organization, Flowserve employees have donated their time, skills and efforts to charitable causes within their communities. Long before the creation of Flowserve’s purpose, values and behaviors, our people have demonstrated a natural desire to help those who are at-risk, less fortunate and victims of situations beyond their control. Flowserve supports our communities through monetary donations and by providing our people with time off to volunteer for local organizations and causes that they care about.

## VOLUNTEER TIME OFF

Volunteering is a meaningful way our associates support the advancement and well-being of all in our communities. At Flowserve, we recognize the positive impact we can make in the communities where we live and work through the Flowserve Cares program. To encourage involvement and engagement with strengthening our local communities, Flowserve grants 40 hours of Volunteer Time Off (VTO) per calendar year to eligible associates. Associates are granted 24 hours of paid VTO each calendar year with an additional opportunity to take 16 hours of unpaid VTO to expand their community impact.

Flowserve leaders serve on Board of Directors for six organizations:



Volunteering is a meaningful way our associates support the advancement and well-being of all in our communities.





We've made significant progress in two years with the number of organizations we've been able to support across the globe.

## FLOWSERVE CARES

Flowserve's global community impact program, Flowserve Cares, launched in 2019 and it empowers associates to request company support for community programs and needs. Flowserve Cares incorporates monetary donations, in-kind contributions and volunteer opportunities to help make a positive change in the communities where our associates and customers live and work. The programs selected for grants reflect a wide range of needs that align with Flowserve's core support areas: at-risk youth, stem programs and education, disaster recovery and community issues.

We've made significant progress in two years with the number of organizations we've been able to support across the globe. While 2020 presented us with unprecedented challenges, it showed us the importance of investing in our communities, giving back and helping one another.



## FLOWSERVE CARES



**2,066**  
Volunteer  
Hours Used  
in 2020



**\$1,343,084 USD**  
Donated through  
Flowserve Cares  
in 2020



**23**  
Approved  
Flowserve Cares  
Grants in 2020

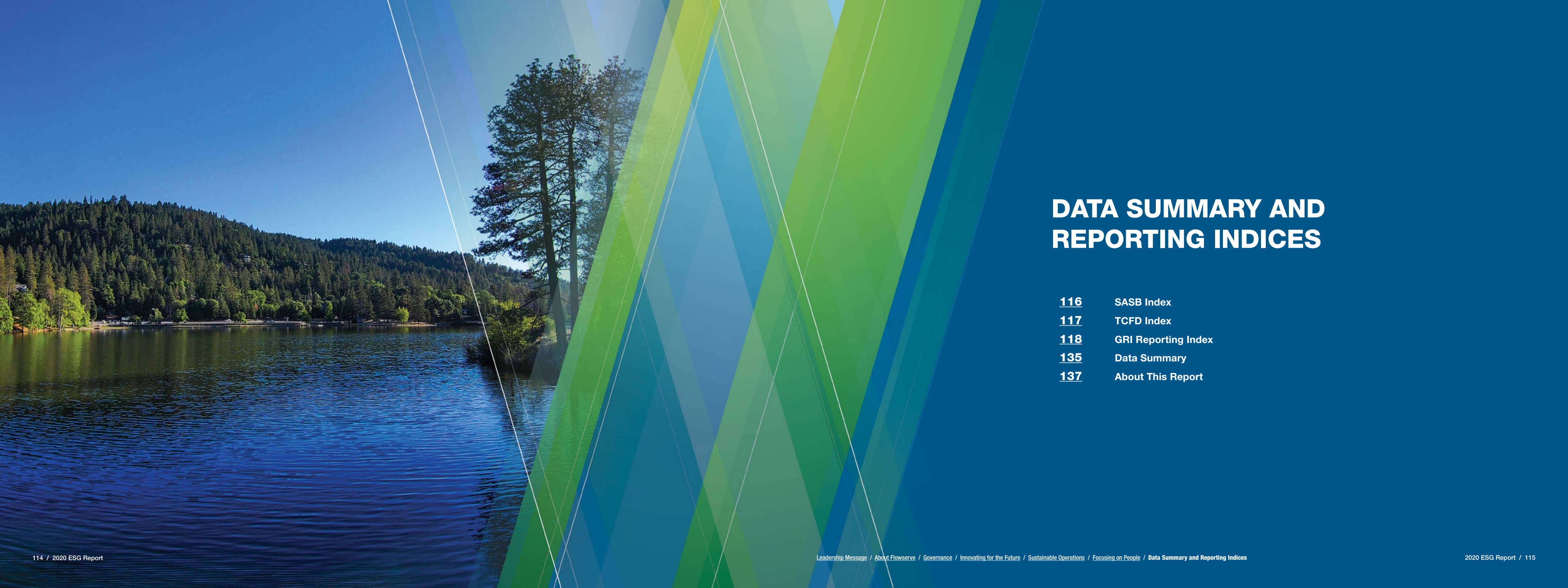


# SPOTLIGHT STORY

## ENABLING THE DEVELOPMENT OF SUSTAINABLE FEED SOLUTION

Flowserve's Durco Mark 3 ANSI pumps and CPXV sump pumps will be used in Calysseo's new FeedKind® production facility – the first of its kind in China. FeedKind is a protein family made up of sustainable and traceable feed ingredients for fish, livestock and pets. The production process uses no agricultural land and relatively little water, helping meet the world's ever-increasing need for more food without placing more stress on scarce resources.





# DATA SUMMARY AND REPORTING INDICES

<b><u>116</u></b>	SASB Index
<b><u>117</u></b>	TCFD Index
<b><u>118</u></b>	GRI Reporting Index
<b><u>135</u></b>	Data Summary
<b><u>137</u></b>	About This Report

The information in the indices below is based on the best available data at time of publication and is subject to change. In some cases, data is estimated and is based solely on our interpretation and judgment. The index below lists indicators from SASB, TCFD and GRI on which we have full or partially reported. We strive to continually improve our data performance reporting and continue to assess alignment with other emerging frameworks.

SASB INDUSTRIAL MACHINERY AND GOODS REPORTING STANDARD

Topic	Standard	Metric	Units	2017	2018	2019	2020
Energy Management	RT-IG-130a.1	Total energy consumed <sup>1</sup>	Gigajoules	882,441	908,073	847,867	843,646
		Percentage grid electricity	%	72	70	67	68
		Percentage renewable <sup>2</sup>	%	3%	2%	2%	3.4
Employee Health & Safety	RT-IG-320a.1	-Total recordable incident rate (TRIR)	Incidents x 200,000 / Total hours worked	0.47	0.38	0.35	0.29
			Near-misses x 200,000 / Total hours worked	37.2	87.8	237.1	5.89
Materials Sourcing	RT-IG-440a.1	Description of the management of risks associated with the use of critical materials	Description	See <a href="#">Governance</a> and <a href="#">Supply Chain</a> sections for discussion of supply chain risk management.			
Remanufacturing Design & Service	RT-IG-440b.1	Revenue from remanufactured products and remanufacturing services <sup>3</sup>	Millions USD	NR	NR	NR	NR
Activity Metrics	RT-IG-000.A	Number of units produced by product category <sup>4</sup>	Millions USD	3,661	3,833	3,945	3,728
	RT-IG-000.B	Number of employees (including full-time equivalents)	Number as of 12/31	16,682	16,719	17,261	15,607

**Footnotes**

1. Total Energy Consumed is combined direct (fuel) and indirect (purchased electricity and heat) energy use.

2. Percent renewable content is quantity of energy derived from renewable sources (i.e. solar, biomass and hydro) divided by indirect energy use.

3. Flow control equipment lifecycles can be extended in several ways: (1) pump, valve and seal repair, (2) real-time advanced diagnostics to identify and mitigate premature wear and (3) customer personnel training to optimize operating and maintenance practices. We do not presently report the individual or combined revenue from these specific services. Therefore, we have answered “NR” – Not reported.

4. Flowserve produces standard and engineered flow control products (e.g. pumps, valves and seals), which are generally categorized as “parts and components.” Because equipment sizes and complexity vary greatly, Flowserve uses overall product sales as a proxy for business activity (versus number of units produced). Sales figures are used to assess environmental performance, including carbon emissions, water use and waste generation.

TCFD REPORTING FORMAT

Governance	
Disclose the organization’s governance around climate-related risks and opportunities.	
a) Describe the Board’s oversight of climate-related risks and opportunities	
b) Describe management’s role in assessing and managing climate-related risks and opportunities.	See the “ <a href="#">Governance</a> ” section, p 26.
Strategy	
Disclose the actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy and financial planning.	
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term.	
b) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy and financial planning.	See the “ <a href="#">Climate Risk, Opportunities and Strategy</a> ” section, p 33.
c) Describe the resilience of the organization’s strategy, taking into consideration different climate related scenarios, including a 2°C or lower scenario.	
Risk Management	
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities.	
a) Describe the organization’s processes for identifying and assessing climate-related risks.	
b) Describe the organization’s processes for managing climate-related risks.	See the “ <a href="#">Governance</a> ” section, p 26.
c) Describe how processes for identifying, assessing and managing climate- related risks are integrated into the organization’s overall risk management.	
Metrics and Targets	
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities.	
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	See the “ <a href="#">Greenhouse Gas</a> ” section, pp 90-91.
b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	See the “ <a href="#">Greenhouse Gas</a> ” section, pp 90-91.
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	See the “ <a href="#">Carbon Reduction Target</a> ” section, p 17.

GRI REPORTING INDEX

ORGANIZATIONAL PROFILE		
102-1	Name of organization	Flowserve Corporation
102-2	Activities, brands, products and services	We develop and manufacture precision-engineered flow control equipment integral to the movement, control and protection of materials in customers’ critical processes and infrastructure. Our product portfolio of pumps, valves, seals, energy recovery devices, automation and aftermarket services supports global infrastructure industries, including oil and gas, chemical, power generation (including nuclear, fossil and renewable) and water management, as well as certain general industrial markets where our products and services add value. Through our manufacturing platform and global network of Quick Response Centers (“QRCs”), we offer a broad array of aftermarket equipment services, such as installation, advanced diagnostics, repair and retrofitting.
		We sell our products and services to more than 10,000 companies, including some of the world’s leading engineering, procurement and construction firms (“EPC”), original equipment manufacturers, distributors and end users.  <b>Flowserve Pump Division Brands</b> BW Seals • Meregalli • Byron Jackson • Niigata Worthington • Calder Energy Recovery Devices • QRC™ • Durametallc • Pacific • Durco • Pacific Weitz • Five Star Seal • Pac-Seal • Flowserve • ReadySeal • GASPAC™ • Scienco • Halberg • SIHI • IDP • TKL • Innomag • United Centrifugal • Interseal • Western Land Roller • Lawrence • Worthington • LifeCycle Advantage • Worthington-Simpson • Labour  <b>Flow Control Division Brands</b> Accord • McCANNA/MARPAC • Anchor/Darling • NAF • Argus • Noble Alloy • Atomac • Norbro • Automax • Nordstrom • Durco • PMV • Edward • Serck Audco • Flowserve • Valbart • Kammer • Valtek • Limitorque • Worcester Controls • Logix
102-3	Location of headquarters	5215 N O Connor Blvd, Irving, TX 75039 United States

GRI REPORTING INDEX

102-4	Location of operations	Flowserve operates over 200 facilities in over 50 countries as shown on our location map (hyperlink to map near front of report)		
		Our major manufacturing facilities (those with 50,000 or more square feet of manufacturing capacity) operating at December 31, 2020 are located in:		
102-5	Ownership and legal form	<b>North America</b>	<b>Europe, Middle East and Africa</b>	<b>Asia Pacific</b>
		• United States • Canada	• Austria • France • Germany • Italy • Netherland • Saudi Arabia • Spain • Sweden • UK	• Australia • China • India • Japan
102-6	Markets served	Incorporated in New York and publicly traded on the New York Stock Exchange		
		Our bookings mix by industry in 2020 and 2019 consisted of:		
102-6	Markets served		<b>2020</b>	<b>2019</b>
		oil and gas	34%	41%
		general industries <sup>(1)</sup>	26%	22%
		chemical <sup>(2)</sup>	24%	22%
		power generation	13%	11%
102-6	Markets served	water management	3%	4%
		<b>Footnotes</b> 1. General industries include mining and ore processing, pulp and paper, food and beverage and other smaller applications, as well as sales to distributors whose end customers typically operate in the industries we primarily serve. 2. Chemical industry is comprised of chemical-based and pharmaceutical products		

GRI REPORTING INDEX

102-7	Scale of the organization	Number of employees	15,607
		Revenue	\$3.728 Billion
		Working Capital	\$1,763 Million
		Total Equity	\$1,763 Million
		Net debt	\$1,727 Million
		Net debt to net capital ratio	26.4%
102-8	Information on employees and other workers	See <a href="#">HR</a> section, pp 98-107.	
102-9	Supply chain	See <a href="#">Supply Chain</a> section, pp 50-51.	
102-10	Significant changes to the organization and its supply chain	No significant change to the organization and its supply chain in the 2020 calendar year.	
102-11	Precautionary Principle or approach	See the “ <a href="#">Governance</a> ” section, pp 26-33.	
102-12	External initiatives	Through our products, services and employee actions, Flowserve supports several of the UN Sustainable Development Goals.	
102-13	Membership of associations	Flowserve is a member of the following industry, trade and advocacy groups: <ul style="list-style-type: none"><li>• National Association of Manufacturers (NAM)</li><li>• Hydraulic Institute</li></ul>	

STRATEGY

102-14	Statement from senior decision-maker	See “ <a href="#">Leadership Message</a> ” section, pp 4-5.	
102-15	Key impacts, risks and opportunities	See the “ <a href="#">Governance</a> ” section, pp 26-33.	

ETHICS AND INTEGRITY

102-16	Values, principles, standards and norms of behavior	See the “ <a href="#">Integrity &amp; Compliance</a> ” section, pp 42-47.	
102-17	Mechanisms, for advice and concern about ethics	See the “ <a href="#">Integrity &amp; Compliance</a> ” Section, pp 42-47.	

GRI REPORTING INDEX

GOVERNANCE

102-18	Governance structure	See the “ <a href="#">Governance</a> ” section, p 26.	
102-19	Delegating authority	The Board of Directors of Flowserve Corporation (the “Board”) has the primary responsibility for overseeing the Company’s overall strategy and approach to risk mitigation. As part of this effort, our Board, primarily through its Corporate Governance & Nominating Committee (“CG&NC”), exercises oversight of the Company’s sustainability and corporate social responsibility efforts.  Additionally, our Executive Leadership Team (“ELT”), under the direction of our Chief Executive Officer, leads each of our functional areas in their efforts to analyze, design, implement, monitor and, when necessary, change and revise sustainable processes into Flowserve’s strategy in order to achieve our purpose.	
102-20	Executive-level responsibility for economic, environmental and social topics	See the “ <a href="#">Governance</a> ” section, p 26.	
102-21	Consulting stakeholders on economic, environmental and social topics	See the “ <a href="#">Stakeholder Engagement</a> ” section, pp 38-39.  We regularly engage with our shareholders on a variety of topics relating to company performance and overall strategy for long-term growth, including on earnings calls, at industry and financial conferences and during in-person scheduled meetings.	
102-22	Composition of the highest governance body	The identification and evaluation of director candidates begins with our Corporate Governance Guidelines, which establish the criteria for Board membership. As a starting point under the Guidelines, all prospective Board members must, for example, adhere to the highest standards of integrity and ethics, exercise diligent and constructive oversight to the Company’s business, risk profile and strategy, demonstrate relevant and successful career experience, display a global business perspective and possess the time to responsibly perform all director duties and effectively represent the interests of the Company’s shareholders. The Guidelines further articulate the Board’s firm belief that the Board’s members should also have a diversity of backgrounds, which we view holistically. In evaluating diversity of backgrounds, the Board considers individual qualities and attributes, such as educational background, professional skills, business experience and cultural viewpoint, as well as more categorical diversity metrics, such as race, age, gender and nationality.  For more information, please see pages 19-21 of our 2021 Proxy Statement.	

GRI REPORTING INDEX

102-23	Chair of the highest governance body	<p>Our Board has been led by an independent chairman since 2005. We believe that separating the positions of Chairman of the Board and CEO is appropriate for the Company because it places an independent director in a position of leadership on the Board, which in turn adds value to our shareholders by facilitating a more efficient exercise of the Board’s fiduciary duties and best enables the Board to effectively manage our business, risks, opportunities and affairs in the best interests of our shareholders.</p>
102-24	Nominating and selecting the highest governance body	<p>The CG&amp;NC considers various potential director candidates who may come to the attention of the CG&amp;NC through current Board members, professional search firms, shareholders or other persons. The CG&amp;NC generally retains a national executive-recruiting firm to research, screen and contact potential candidates regarding their interest in serving on the Board, although the CG&amp;NC may also use less formal recruiting methods. All identified candidates, including shareholder-recommended candidates, are evaluated by the CG&amp;NC Committee using generally the same methods and criteria, although those methods and criteria may vary from time to time depending on the CG&amp;NC’s assessment of the Company’s needs and current situation.</p> <p>For more information, please see pages 19-20 of our 2021 Proxy Statement.</p>
102-25	Conflicts of interest	<p>Our Code of Conduct, supplemented by our Conflicts of Interest Policy, requires that all of our associates and members of the Board make decisions based on what is best for Flowserve without considering our own personal interests. We do not allow personal interests, relationships, investments or other factors to interfere with business decisions we make on behalf of the Company and we avoid situations or activities that can give rise to conflicts of interest.</p> <p>The Company also maintains a Related Party Transactions Policy that supplements our Code of Conduct and covers, but is not limited to, the related party transactions and relationships required to be disclosed under SEC rules. The policy requires prompt notice to all material facts regarding an interest transaction with related parties to the CG&amp;NC, who shall review the material facts and either approve or disapprove of the entry into the interest transaction.</p> <p>In determining whether to approve or ratify an Interested Transaction, the Corporate Governance and Nominating Governance Committee will take into account, among other factors it deems appropriate, whether the Interested Transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the Related Person’s interest in the transaction.</p> <p>The Related Party Transactions Policy provides for the pre-approval of certain types of transactions that the CG&amp;NC has determined do not pose a significant risk of conflict of interest,</p>

GRI REPORTING INDEX

102-26	Role of highest governance body in setting purpose, values and strategy	See the “ <a href="#">Governance</a> ” Section, pp 26-33.
102-27	Collective knowledge of highest governance body	A discussion of each director’s experience and skills is provided on pages 12 to 17 of our 2021 Proxy Statement.
102-28	Evaluating the highest governance body’s performance	A discussion of our evaluation process for our Board is provided on page 20 of our 2021 Proxy Statement.
102-29	Identifying and managing economic, environmental and social impacts	See the “ <a href="#">Governance</a> ” section, pp 26-33.
102-30	Effectiveness of risk management processes	See the “ <a href="#">Governance</a> ” section, pp 26-33.
102-31	Review of economic, environmental and social topics	See the “ <a href="#">Governance</a> ” section, pp 26-33.
102-32	Highest governing body’s role in sustainability reporting	<p>Our Board, primarily through the CG&amp;NC, provides oversight of our approach to environmental, social and governance programs and policies.</p> <p>See the “<a href="#">Governance</a>” Section, pp 26-33.</p> <p>Shareholders and other interested parties may communicate with the Board directly by writing to:</p> <p><b>Non-Executive Chairman of the Board</b> c/o Flowserve’s Corporate Secretary 5215 N. O’Connor Blvd., Suite 700 Irving, Texas 75039</p> <p>All such communications will be delivered to our chairman. These communications are reviewed by the Corporate Secretary to determine whether it is appropriate for presentation to the Board or such director. The purpose of this screening is to avoid having the Board consider irrelevant or inappropriate communications (such as advertisements, solicitations and product inquiries).</p>
102-34	Nature and total number of critical concerns	See response for GRI 102-21 in the “ <a href="#">Stakeholder Engagement</a> ” section, p 123.

GRI REPORTING INDEX

102-35	Remuneration policies	A comprehensive discussion of non-employee director and executive compensation may be found on pages 23 to 25 and 29 to 59 of our 2021 Proxy Statement
102-36	Process for determining remuneration	A comprehensive discussion of non-employee director and executive compensation may be found on pages 23 to 25 and 29 to 59 of our 2021 Proxy Statement
102-37	Stakeholder's involvement in remuneration	<p>Our Board and the Organization &amp; Compensation Committee of the Board (the “OCC”) value the insights and feedback of our stakeholders. We routinely engaged with our stakeholders each year on a wide range of topics, including executive compensation and corporate governance matters.</p> <p>Our policy is to conduct an annual say-on-pay shareholder vote. In 2021, consistent with prior years, we received strong support from our shareholders in our say-on-pay advisory vote, with approximately 93% of shares voting at our 2021 annual meeting supporting our executive compensation.</p>
102-38	Annual total compensation ratio	In 2020, the ratio between the annual total compensation of the chief executive officer and the annual total compensation for the median employee was 98:1. For more information see page 60 of our 2021 Proxy Statement.
102-39	Percentage increase in annual total compensation ratio	The ratio between the annual total compensation of the chief executive officer and the annual total compensation for the median employee was 106:1 in 2018, 136:1 in 2019 and 98:1 in 2020. For more information see page 60 of our 2021 Proxy Statement.

STAKEHOLDER ENGAGEMENT		
102-40	List of stakeholder groups	See the “ <a href="#">Stakeholder Engagement</a> ” section, pp 38-39.
102-41	Collective bargaining agreements	Approximately 5% of our U.S. employees are represented by unions. We also have unionized employees or employee work councils in Argentina, Australia, Austria, Brazil, Finland, France, Germany, India, Italy, Japan, 16Mexico, The Netherlands, South Africa, Spain, Sweden and the U.K. No individual unionized facility produces more than 10% of our revenues.
102-42	Identifying and selecting stakeholders	See the “ <a href="#">Stakeholder Engagement</a> ” section, pp 38-39.
102-43	Approach to stakeholder engagement	See the “ <a href="#">Stakeholder Engagement</a> ” section, pp 38-39.
102-44	Key topics and concerns raised	See the “ <a href="#">Stakeholder Engagement</a> ” section, pp 38-39.

GRI REPORTING INDEX

REPORTING PRACTICES		
102-45	Entities included in the consolidated financial statement	The consolidated financial statements include the accounts of our company and our wholly and majority-owned subsidiaries.
102-46	Defining report content and topic Boundaries	See the “ <a href="#">Materiality</a> ” section, pp 36-37.
102-47	List of material topics	See the “ <a href="#">Materiality</a> ” section, pp 36-37.
102-48	Restatements of information	No restatement of information since last report
102-49	Changes in reporting	No changes in reporting since last report
102-50	Reporting period	January 1, 2020 – December 31, 2020
102-51	Date of most recent report	November 1, 2019
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	Sustainability@Flowserve.com
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with GRI Standards: Core Option
102-55	GRI content index	This index organizes the material ESG topics per the GRI Standard.
102-56	External assurance	



GRI REPORTING INDEX

GRI 204 PROCUREMENT PRACTICES		
103-1	Explanation of the material topic and its Boundary	Flowserve operates 222 facilities in over 50 countries. See the “ <a href="#">Supply Chain</a> ” section, pp 50-51.
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
204-1	Proportion of spending on local suppliers	See the <a href="#">Supplier Diversity</a> and <a href="#">Supplier Development</a> sections, pp 50-51.

GRI 205 ANTI CORRUPTION 2016		
103-1	Explanation of the material topic and its Boundary	See the “ <a href="#">Integrity and Compliance</a> ” section, pp 42-47.
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
205-1	Operations assessed for risks related to corruption	See the “ <a href="#">Integrity &amp; Compliance</a> ” section, pp 42-47.
205-2	Communication and training about anti-corruption policies and procedures	
205-3	Confirmed incidents of corruption and actions taken	

GRI REPORTING INDEX

GRI 206 ANTI COMPETITIVE BEHAVIOR 2016		
103-1	Explanation of the material topic and its Boundary	See the “ <a href="#">Integrity &amp; Compliance</a> ” section pp 42-47.
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
206-1	Legal actions for anti-competitive behavior, anti-trust and monopoly practices	There were no legal actions for anti-competitive behavior, anti-trust or monopoly practices in 2020.

GRI 302 ENERGY 2016		
103-1	Explanation of the material topic and its Boundary	
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
302-1	Energy consumption within the organization	Energy use metrics pertain to facilities under Flowserve operational control. See the <a href="#">Environmental Protection/Operating Emissions</a> section, p 90.
302-2	Energy consumption outside the organization	
302-3	Energy intensity	
302-4	Reduction of energy consumption	
302-5	Reductions in energy requirements of products and services	

GRI REPORTING INDEX

GRI 303 WATER AND EFFLUENTS 2016		
103-1	Explanation of the material topic and its Boundary	Water use metrics pertain to facilities under Flowserve operational control. See the “ <a href="#">Water Use</a> ” Section for information on water withdrawals, discharge and consumption, p 94.
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
303-1	Interactions with water as a shared resource	
303-2	Management of water discharge-related impacts	
303-3	Water withdrawal	
303-4	Water discharge	
303-5	Water consumption	

GRI 305 EMISSIONS 2016		
103-1	Explanation of the material topic and its Boundary	
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
305-1	Direct (Scope 1) GHG emissions	Air emissions metrics pertain to facilities under Flowserve operational control. See the <a href="#">Environmental Protection/Operating Emissions</a> section, pp 90-91.
305-2	Energy (Scope 2) GHG emissions	
305-3	Other indirect (Scope 3) emissions	
305-4	GHG emissions intensity	
305-5	Reduction of GHG emissions	
305-6	Emissions of ozone-depleting substances (ODS)	Flowserve does not use ozone-depleting substances (ODS) in its operations. ODS losses from comfort cooling systems was negligible in 2020.
305-7	Nitrogen oxides (Nox), sulfur oxides (Sox) and other significant air emissions	Nitrogen Oxides and Sulfur Oxides result from the combustion of natural gas, liquified petroleum gas, propane, kerosene, diesel and other fuels. See the “ <a href="#">Emissions to Air</a> ” Section for summary estimates, p 91.

GRI REPORTING INDEX

GRI 306 EFFLUENTS AND WASTE 2016		
103-1	Explanation of the material topic and its Boundary	Water use and waste generation metrics pertain to facilities under Flowserve operational control. See the “Water Use” and “Waste Generation” sections for information on water discharges and waste generation.
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
306-1	Water discharges by quality and destination	Flowserve water discharges are almost entirely related to new pump performance testing. Test water is generally not significantly impacted by the test operation.
306-2	Waste by type and disposal method	Hazardous wastes are typically incinerated or otherwise treated to allow land disposal. Non-hazardous waste are typically land disposed in approved landfill facilities. See the “ <a href="#">Waste Generation and Recycling</a> ” section, p 95.
306-3	Significant spills	There were no significant spills in 2020.
306-4	Transport of hazardous waste	Hazardous waste represents only 1% of all discarded materials. See the “ <a href="#">Waste Generation and Recycling</a> ” section, p 95.
306-5	Water bodies affected by water discharges and/or runoff	There were no significant effects of water discharges on water bodies.

GRI 307 ENVIRONMENTAL COMPLIANCE 2016		
103-1	Explanation of the material topic and its Boundary	This topic relates to facilities under Flowserve’s operational control.
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
307-1	Non-compliance with environmental laws and regulations	The organization has not identified any non-compliance material with environmental laws during the reporting period.

GRI REPORTING INDEX

GRI 403 OCCUPATIONAL HEALTH AND SAFETY 2016		
103-1	Explanation of the material topic and its Boundary	Safety statistics apply to all Flowserve operations worldwide.
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
403-1	Occupational health and safety management system	See the “ <a href="#">Safety</a> ” section, pp 72-77.
403-2	Hazard identification, risk assessment and incident investigation	
403-3	Occupation health services	
403-4	Worker participation, consultation and communication on occupational health and safety	
403-5	Worker training on occupational health and safety	
403-6	Promotion of worker health	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	
403-8	Workers covered by an occupational health and safety management system	
403-9	Work-related injuries	
403-10	Work-related ill health	

GRI REPORTING INDEX

GRI 404 TRAINING AND EDUCATION 2016		
103-1	Explanation of the material topic and its Boundary	This section applies to all Flowserve associates across its global operations.
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
404-1	Average hours of training per year per employee	See the “ <a href="#">Focusing on People</a> ” section, pp 98-107.
404-2	Programs for upgrading employee skills and transition assistance programs	
404-3	Percentage of employees receiving regular performance and career development reviews	

GRI 413 LOCAL COMMUNITIES 2016		
103-1	Explanation of the material topic and its Boundary	The “Flowserve Cares” community impact program is implemented across all facilities in over 50 countries.
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
413-1	Operations with local community engagement, impact assessments and development programs	See the “ <a href="#">Community Engagement</a> ” section, pp 108-113.
413-2	Operations with significant actual and potential negative impact on local communities	There are no operations posing significant actual or potential negative impacts on communities.

GRI REPORTING INDEX

GRI 416 CUSTOMER HEALTH AND SAFETY 2016		
103-1	Explanation of the material topic and its Boundary	This section applies to all Flowserve products and services.
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
416-1	Assessment of the health and safety impacts of product and service categories	See the “ <a href="#">Quality</a> ” section pp 78-83.
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	There were no identified incidents of non-compliance with regulations or voluntary codes.

COMPANY-SPECIFIC (NON-GRI) DISCLOSURES

ADAPTATION AND CLIMATE RESILIENCY		
103-1	Explanation of the material topic and its Boundary	Flowserve views the global transition to cleaner fuels and renewable energy as an opportunity to develop new technologies which support these emerging markets.
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
306-1	Innovation to support energy transition and climate change-related impacts.	See the “Energy Transition” section, p 56-57.

GRI 404 TRAINING AND EDUCATION 2016		
SDG	Topic	Flowserve Management Approach
(4)	Quality education	The products and services provided by Flowserve and employee actions demonstrating Flowserve values help achieve certain targets within the UN SDG targets goals. See pages 20-22 for <a href="#">details</a> on how we support the ten goals related to our operations.
(6)	Clean Water and Sanitation	
(7)	Affordable and Clean Energy	
(8)	Decent work and economic growth	
(9)	Industry, Innovation and Infrastructure	
(10)	Reduce inequalities	
(11)	Sustainable cities	
(12)	Responsible Consumption and Production	
(13)	Climate Action	
(16)	Peace, Justice and Strong Institutions	

2020 METRICS SUMMARY

Indicator	Description	Units	2020
Activity	Sales Revenue	\$Millions USD	3,728
	Number of Employees (including full-time equivalents as of 12/31/19)		15,607
Safety	OSHA Total Recordable Rate		0.29
	OSHA Lost Day Rate		0.09
	OSHA Lost Time Severity Rate		3.1
Energy	Direct Energy	Gigajoules	274,073
	Indirect Energy	Gigajoules	569,574
Greenhouse Gas	Direct Emissions (Scope 1)	Tonne CO2e	14,429
	Indirect Emissions (Scope 2)	Tonne CO2e	69,815
	Other Indirect Emissions (Scope 3)		
	Leased equipment	Tonne CO2e	4,695
	Energy and fuel-related emissions	Tonne CO2e	9,097
	Employee commuting	Tonne CO2e	13,492
	Business Travel	Tonne CO2e	7,551
Water	Fresh Water Usage	Cubic Meters	428,940
Waste	Nonhazardous	Tonne	7,616
	Hazardous	Tonne	314
Recycled Materials		Tonne	20,324



## ABOUT THIS REPORT

Unless otherwise specifically stated, this report covers Flowserve's performance in 2020. This report, which speaks only as of its date, is not comprehensive and for that reason, this report should be read in conjunction with our 2020 Annual Report on Form 10-K and our 2021 Proxy Statement, which can be found at <https://ir.flowserve.com>.

The goals and projects described in this report are aspirational; as such, no guarantees or promises are made that these goals and projects will be met or successfully executed. Furthermore, data, statistics and metrics included in this report are non-audited estimates, not prepared in accordance with generally accepted accounting principles (GAAP), continue to evolve and may be based on assumptions believed to be reasonable at the time of preparation, but should not be considered guarantees or subject to future revision. This report uses certain terms including those that GRI or others refer to as "material" to reflect the issues or priorities of Flowserve and its stakeholders. Used in this context, however, these terms are distinct from and should not be confused with, the terms "material" and "materiality" as defined by or construed in accordance with securities, or other, laws or as used in the context of financial statements and reporting.

The information covered in this report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding our ESG goals and strategies and related business and stakeholder impacts. These statements can be identified by words such as "future," "anticipate," "believe," "estimate," "expect," "intend," "plan," "aim," "strategy," "goal," "commit," "target," "objective," "predict," "will," "would," "could," "can," "may," and similar terms and are based on management's current expectations and beliefs concerning future developments and plans and their potential effects on Flowserve and its subsidiaries. These statements involve risks and uncertainties, many of which are beyond our control and are difficult to predict, are not guarantees for future performance, and actual results may differ materially from any future results expressed or implied by the forward-looking statements. More information on risks, uncertainties and other potential factors that could affect our business and performance is included in our filings with the SEC, including in the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections of Flowserve's most recently filed periodic reports on Form 10-K and Form 10-Q and subsequent filings. The forward-looking statements in our report are made as of the date first published, unless otherwise indicated and except as required by law, we undertake no obligation to update these forward-looking statements as a result of new information or to reflect subsequent events or circumstances.



North America

Latin America

Europe

Middle East

Africa

Asia Pacific

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