



LUFKIN Industries

Annual Report – Forced Labor

January 1, 2023 – December 31, 2023



LUFKIN Industries is filing this Annual Report in compliance with the Canadian Fighting Against Forced Labour and Child Labour in Supply Chains Act for the 2023 financial year. Lufkin Canada Acquisition Company LTD is the filing entity, however, to the extent any parent company or affiliate is a Reporting Entity under the Act, this report applies to such parent company or affiliate.

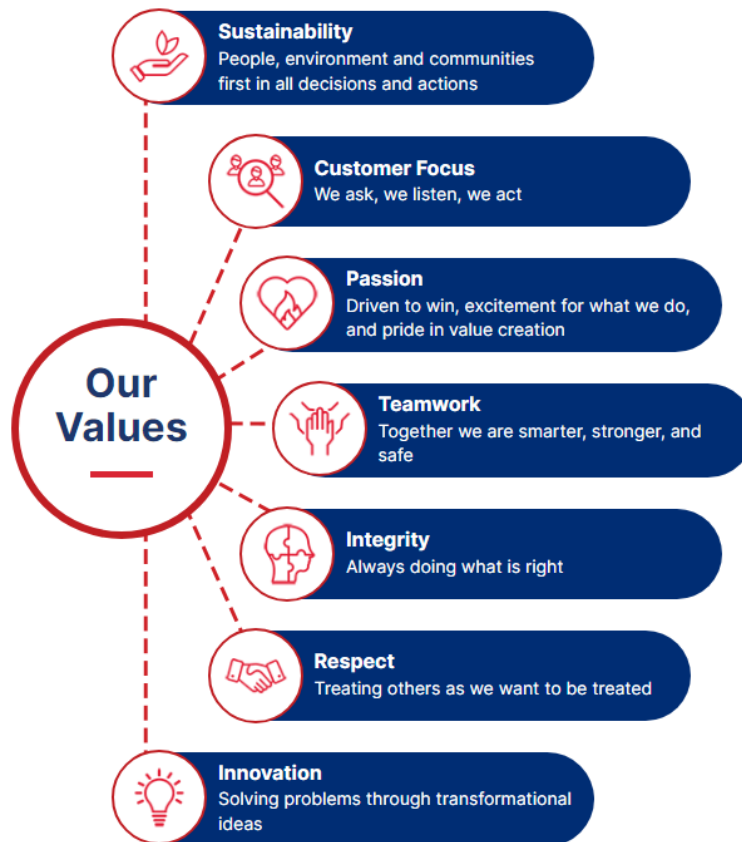
About LUFKIN

LUFKIN is a world leader in its field, providing precision-engineered oilfield equipment, products, and services to customers around the world. At LUFKIN, we strive to do the right thing, all the time, every time. This principle, which is evident throughout our Code of Conduct and Values, which guide us in maintaining integrity in all of our daily business interactions and reflects the standards by which we conduct business.

We are committed to unyielding integrity and high standards of business conduct in everything we do, especially in our dealings with LUFKIN suppliers, contractors, consortium partners and consultants (collectively “Suppliers”). LUFKIN bases its Supplier relationships on lawful, efficient and fair practices, and Suppliers must adhere to applicable legal and regulatory requirements in their business relationships as set out in this Integrity Guide for Suppliers, Contractors and Consultants (the “Supplier Integrity Guide”) in connection with their activities for LUFKIN.

LUFKIN Core Values

The foundation of LUFKIN is built on our Core Values, which set us apart and guide our everyday actions and activities. LUFKIN strives to conduct its business in a responsible and ethical manner. We comply with the laws of the communities where we work and live, we protect the environment and we treat those with whom we interact with respect, including our employees, customers and suppliers.



Reporting

At LUFKIN Industries, we recognize forced labor as a profound violation of human rights and are deeply committed to eradicating it from our operations and supply chain. Our approach is comprehensive, proactive, and centered on continuous improvement in our practices and policies.

Ethical Business Conduct:

We commit to maintaining the highest standards of integrity and ethical conduct in all our business operations. This includes strict adherence to all laws and regulations pertaining to forced labor and human trafficking in the jurisdictions where we operate.

Preventative Measures:

We will implement and continually enhance effective systems and controls to detect and prevent acts of forced labor. This includes conducting due diligence and risk assessments of our suppliers and partners to ensure they meet our ethical standards.

Our Supply Chains:

Our supply chain is relatively complex. We have hundreds of suppliers around the world, both to supply input products used in the manufacturing of our own products for sale, as well as suppliers to support our local general operations.

Supply Chain Accountability:

We require all suppliers and contractors to comply with our Supplier Integrity Guide (<https://lufkin.com/wp-content/uploads/2022/01/LUFKINs-Supplier-Code-of-Conduct.pdf>), as a condition of doing business with us. The Supplier Integrity requires suppliers, contractors, and consultants to agree not to employ workers younger than sixteen (16) years of age or below the applicable minimum age, whichever is higher; and not to use forced, prison or indentured labor, or workers subject to any form of physical, sexual or psychological compulsion, exploitation or coercion, or to engage in or abet trafficking in persons.

We endeavor for our supply chain contracts to include specific clauses that obligate our partners to adhere to the Supplier Integrity Guide and applicable laws.

Risk and Effectiveness:

LUFKIN has begun a process to comprehensively analyze risks in its supply chain, but has yet to complete a full analysis of the risks of child and forced labour. LUFKIN recognizes that the nature of its business in the oil and gas industry is such that potential risk lies in its international supply chain and potential lack of visibility/traceability therein.

Policies - Roles and Responsibilities:

All Employees are expected to follow LUFKIN's Code of Conduct. To bolster its commitment to ethical business practices, LUFKIN is in the process of developing and rolling out its Forced Labor Policy. LUFKIN plans to develop training to address forced labor during the 2024 financial year. Employees will be expected to follow LUFKIN's Forced Labor Policy; understand human rights, forced labor, and child labor risks; remain vigilant for signs of forced labor in business operations, especially when dealing with third-party business partners; and to report any concerns or suspicions to management immediately.

As set forth in the Supplier Integrity Guide, suppliers are responsible for ensuring that their employees, workers, representatives, suppliers and subcontractors comply with LUFKIN's Supplier Integrity Guide, and to act in accordance with all applicable state and local laws.

Managers are responsible for ensuring that all personnel reporting to them understand and comply with LUFKIN's policies. Management must address any issues of forced labor identified within their teams or supply chains promptly.

LUFKIN maintains a Confidential Reporting Hotline and encourages employees to report compliance and ethics concerns.

Remedial Measures:

For the financial year ending December 31, 2023, LUFKIN did not identify any forced or child labor issues in its supply chains. As a result, it has not remedied or rectified any such issues.

Continuous Improvement & Training:

Our commitment to combating forced labor is ongoing. We will continually review and improve our policies, practices, training and actions to ensure they remain effective in preventing forced labor. We will adjust our strategy in response to new risks or discoveries and as part of our commitment to corporate responsibility and ethical business practices.

Approval and Attestation

In accordance with the requirements of the Act, and in particular section 11(4) thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

I have the authority to bind Lufkin Canada Acquisition Company Ltd.



M. Keith Gee
General Counsel, Chief Compliance Officer

Dated June 11, 2024