

## 1. Purpose

Carolina Components Group requires its suppliers to continually improve environmental performance, including pollution prevention, efficient use of natural resources, waste management, and actions to reduce carbon footprints. Suppliers must comply with all relevant environmental legislation and regulations, which is considered the minimum standard. Beyond compliance, suppliers are expected to seek ways to safeguard health and the environment actively.

This policy aims to provide clear guidelines to CCG sustainable suppliers for mitigating the environmental impact of our manufacturing processes. Suppliers must conduct thorough environmental assessments, develop strategic action plans, and adopt sustainable practices such as new technologies and better manufacturing systems. Carolina Components Group understands that its suppliers are crucial in its commitment to environmental stewardship. This environmental policy outlines CCG expectations and requirements for suppliers to minimize environmental impact and promote sustainable practices. We require our suppliers to integrate environmental considerations into their operations, ensuring that their activities align with CCG's commitment to sustainability, resource conservation, and the protection of natural ecosystems.

## 2. Scope

This policy applies to all Carolina Components Group suppliers and contractors that maintain a sustainable status.

## 3. Assignment of Responsibility

### 3.1. ***CCG Suppliers and Contractors***

- 3.1.1. Adhere to CCG environmental standards.
- 3.1.2. Work to achieve individual environmental goals. This includes following environmental procedures, promptly reporting incidents, and minimizing environmental impacts in their operations.
- 3.1.3. Managers and executives at supplier organizations are expected to lead by example, integrate environmental objectives into operations, allocate resources for environmental initiatives, and promote a culture of environmental responsibility among employees.
- 3.1.4. Collaborate with Carolina Components Group is to meet mutual sustainability objectives across the supply chain.

### 3.2. ***Carolina Components Group Supply Chain Management***

- 3.2.1. Collaborate with Suppliers in achieving environmental goals.

- 3.2.2. Complying with CCG environmental expectations and policies.

## 4. Definitions

N/A

## 5. Policy

### 5.1. Environmental Principles

- 5.1.1. Carolina Components Group requires its suppliers to adhere to the following principles for responsible health and environmental protection:
- 5.1.2. **Health and Environmental Protection:** Health and environmental protection must be a key consideration in all business decisions and is the responsibility of every employee within the supplier's organization.
- 5.1.3. **Assessment and Integration:** Potential health and environmental impacts and current and future regulatory requirements must be assessed and integrated into the planning and procurement processes.
- 5.1.4. **Design and Operation:** Supplier services, processes, and facilities must be designed and operated to meet objectives and targets to minimize waste, pollution, and adverse impacts on health and the environment.
- 5.1.5. **Managerial Responsibility:** Managers across all divisions of the supplier's organization must prioritize health and environmental protection, allocating necessary resources to achieve these goals.
- 5.1.6. **Employee Collaboration:** All employees are expected to fulfill their responsibility to protect health and the environment and collaborate to achieve these objectives.

### 5.2. Legal Compliance

- 5.2.1. Carolina Components Group requires its suppliers to adhere to the following elements of legal compliance:
- 5.2.2. **Identify Applicable Laws:** Suppliers must identify all relevant environmental laws, regulations, and standards applicable to their operations.
- 5.2.3. **Monitoring Mechanisms:** Suppliers must establish and maintain monitoring mechanisms and procedures to ensure compliance with environmental regulations. This includes regular assessments to verify adherence to legal requirements.
- 5.2.4. **Stay Informed:** Suppliers must commit to staying informed about changes in environmental legislation and regulations that may impact their operations. This can involve subscribing to regulatory updates, participating in industry associations, or consulting with legal experts.

- 5.2.5. **Action Plans for Non-Compliance:** Suppliers must develop action plans to address instances of non-compliance with environmental regulations. This includes remedying violations, implementing preventive measures, and reporting incidents to regulatory authorities as required by law.
- 5.2.6. **Employee Training:** Suppliers must provide employees with training and awareness programs to ensure an understanding of environmental regulations and their role in compliance. This may include regular training sessions, workshops, or informational materials.
- 5.2.7. **Accountability:** Suppliers must establish clear lines of accountability within their organization to ensure compliance with environmental regulations. This includes assigning responsibility to specific individuals or departments to monitor compliance, implement corrective actions, and report on environmental performance.
- 5.2.8. **Engagement with Stakeholders:** Suppliers must acknowledge the importance of engaging with regulatory authorities, industry associations, and other relevant stakeholders on environmental compliance issues.

### 5.3. Water Use

- 5.3.1. Carolina Components Group requires its suppliers to adhere to the following principles for responsible water management:
- 5.3.2. **Water Conservation:** Suppliers must acknowledge the importance of water conservation as a fundamental aspect of responsible resource management. Even if water consumption is relatively low, suppliers are expected to minimize waste and optimize water use efficiency wherever possible.
- 5.3.3. **Efficient Practices:** Suppliers must strive to implement water-efficient practices and technologies. This includes regularly monitoring water usage, identifying opportunities for improvement, and implementing measures to reduce consumption, such as repairing leaks, optimizing cooling systems, and installing water-saving devices.
- 5.3.4. **Environmental Stewardship:** Suppliers must prioritize water conservation to demonstrate their commitment to environmental stewardship and sustainability. This aligns with broader societal goals of protecting natural resources and ecosystems. Water conservation efforts should contribute to mitigating water stress, preserving aquatic habitats, and reducing the overall environmental footprint.
- 5.3.5. **Risk Management:** Suppliers must recognize the potential future risks associated with changing environmental conditions and regulatory requirements related to water usage. Suppliers can proactively address water management to ensure resilience to future challenges and maintain a competitive advantage in an evolving business landscape.

#### 5.4. Energy Use and Greenhouse Gasses (GHGs)

- 5.4.1. Carolina Components Group requires suppliers to adhere to the following principles for responsible energy management:
- 5.4.2. **Supplier's Management Responsibilities:**
- 5.4.2.1. Establish and implement energy management policies and procedures.
  - 5.4.2.2. Allocate necessary resources for energy management initiatives.
  - 5.4.2.3. Ensure energy usage is tracked through the Greenhouse Gas Protocol (GHG-P) principles and the Greenhouse Gas Resource Institute (GRI).
- 5.4.3. **Supplier's Employee Responsibilities:** Adhere to energy-saving practices and report any energy-related issues or opportunities for improvement to designated personnel.
- 5.4.4. **Monitoring:**
- 5.4.4.1. Regularly monitor and analyze energy consumption patterns across all manufacturing processes.
  - 5.4.4.2. Identify areas for improvement and prioritize energy-saving initiatives based on the analysis.
  - 5.4.4.3. Measure, calculate, and report annual Scope 1 and 2 GHG emissions using GHG-P and GRI methodology to [the Climate Disclosure Project \(CDP\)](#) and EcoVadis.
- 5.4.5. **Equipment Optimization:**
- 5.4.5.1. Regularly maintain equipment and machinery to ensure optimal performance and energy efficiency.
  - 5.4.5.2. Implement upgrades and replacements of outdated equipment with energy-efficient alternatives whenever feasible.
- 5.4.6. **Renewable Energy:** Evaluate the feasibility of integrating renewable energy systems into manufacturing operations.
- 5.4.7. **Employee Engagement:**
- 5.4.7.1. Provide training and development programs to educate employees about energy conservation practices.
  - 5.4.7.2. Encourage employees to contribute ideas for energy-saving measures and recognize their efforts.
- 5.4.8. **Compliance:** Ensure compliance with all relevant energy regulations and standards and regularly review and update energy management practices to align with changing regulatory requirements.

## 5.5. Materials Use

- 5.5.1. Carolina Components Group requires suppliers to adhere to the following principles for sustainable material use:
- 5.5.2. **Resource Efficiency:** Maximize resource efficiency by optimizing material use throughout manufacturing processes and reduce waste and conserve raw materials wherever possible.
- 5.5.3. **Sustainable Sourcing:**
- 5.5.3.1. Source materials from responsibly managed suppliers whenever feasible.
  - 5.5.3.2. Adhere to environmental standards and certifications in production processes.
- 5.5.4. **Waste Reduction:**
- 5.5.4.1. Implement strategies to minimize material waste at every production stage. ☹  
Explore opportunities for recycling, reuse, or repurposing materials, such as a tool repair program, to divert waste from landfills.
- 5.5.5. **Product Design:**
- 5.5.5.1. Incorporate eco-design principles into product development to optimize material efficiency and minimize environmental impact over the product lifecycle.
  - 5.5.5.2. Prioritize renewable or recycled materials in product manufacturing where applicable.
- 5.5.6. **Inventory Management:**
- 5.5.6.1. Adopt lean inventory management practices to minimize excess material stockpiling and associated environmental costs.
  - 5.5.6.2. Implement systems for tracking and managing inventory levels to prevent over-ordering or underutilizing materials.
- 5.5.7. **Training and Awareness:**
- 5.5.7.1. Provide training programs and awareness campaigns to educate employees about responsible material use and waste reduction.
- 5.5.8. **Continuous Improvement:** Commit to ongoing evaluation and improvement of material use practices through regular audits and assessments.
- 5.5.9. **Compliance:** Ensure compliance with regulations and industry standards for material sourcing, usage, and waste management.
- 5.5.10. **Collaboration and Innovation:** Collaborate with suppliers, industry partners, and stakeholders to share best practices and explore innovative, sustainable material-use solutions.

## 5.6. Chemical Use

5.6.1. Carolina Components Group requires its suppliers to adhere to the following principles for chemical management:

### 5.6.2. **Chemical Safety and Handling:**

5.6.2.1. Ensure the safe handling, storage, and use of chemicals throughout all manufacturing phases.

5.6.2.2. Implement measures to prevent spills, leaks, and hazardous chemical accidents.

### 5.6.3. **Chemical Inventory and Labeling:**

5.6.3.1. Maintain an accurate inventory of all chemicals used in the facility.

5.6.3.2. Properly label chemicals with clearly identifying contents, hazards, and handling instructions.

5.6.4. **Risk Assessment and Management:** Conduct risk assessments to identify hazards associated with chemical use and storage and manage identified risks appropriately.

### 5.6.5. **Substitution and Alternatives:**

5.6.5.1. Explore opportunities to substitute hazardous chemicals with safer alternatives wherever feasible.

5.6.5.2. Prioritize manufacturing using less toxic or non-toxic substances to minimize environmental and health risks.

### 5.6.6. **Storage and Disposal:**

5.6.6.1. Establish protocols for safely storing chemicals, including appropriate containment measures and ventilation systems.

5.6.6.2. Properly dispose of chemical waste per regulatory requirements and industry best practices.

### 5.6.7. **Training and Education:**

5.6.7.1. Provide comprehensive training programs for employees on chemical safety, handling procedures, and emergency response protocols.

5.6.7.2. Ensure all workers are aware of potential hazards and equipped with the necessary knowledge and skills to handle chemicals safely.

5.6.8. **Emergency Preparedness:** Develop and maintain emergency response plans for dealing with chemical spills, leaks, or accidents.

5.6.9. **Monitoring and Reporting:** Implement monitoring programs to track chemical usage, emissions, and environmental impacts.

- 5.6.10. **Compliance and Certification:** Ensure compliance with all regulations, industry standards, and permits related to chemical management.
- 5.6.11. **Stakeholder Engagement:** Engage with stakeholders, including employees, suppliers, customers, and regulatory agencies, to foster collaboration and transparency in chemical management efforts.

## 5.7. Waste Management

- 5.7.1. Carolina Components Group expects its suppliers to adhere to the following waste management requirements in alignment with our environmental policy:
- 5.7.2. **Regulatory Compliance:** Comply with all applicable waste management regulations and standards relevant to your operations.
- 5.7.3. **Waste Reduction Initiatives:** Implement ongoing initiatives to reduce waste generation and optimize resource usage to minimize environmental impact.
- 5.7.4. **Waste Segregation and Handling:** Properly segregate, handle, dispose of, and treat waste materials per our waste management policy and local regulations.
- 5.7.5. **Employee Engagement:** Engage employees in waste reduction efforts through training and awareness programs, encouraging active participation in waste management practices.
- 5.7.6. **Performance Monitoring:** Monitor and track key metrics related to waste management performance and regularly evaluate the effectiveness of waste reduction initiatives.
- 5.7.7. **Collaboration and Continuous Improvement:** Collaborate with waste management service providers, industry associations, and stakeholders to promote best practices in waste management and support the transition toward a circular economy.
- 5.7.8. **Adherence to Environmental Policy:** Align with CCG's broader environmental policy goals and objectives, demonstrating a commitment to responsible environmental practices and sustainability.

## 5.8. Emissions and Air Pollution

- 5.8.1. Carolina Components Group expects its suppliers to adhere to the following emissions management requirements:
- 5.8.2. **Regulatory Compliance:** Comply with all applicable emissions regulations and standards established by local, regional, and national authorities.
- 5.8.3. **Emissions Monitoring:**
  - 5.8.3.1. Designate personnel responsible for monitoring emissions from manufacturing processes.

- 5.8.3.2. Perform regular checks and calibrations of monitoring equipment are conducted to ensure accuracy.
- 5.8.4. **Data Collection and Reporting:** Maintain accurate records of emissions data in a centralized database or system per regulatory requirements.
- 5.8.5. **Compliance with Regulations:**
- 5.8.5.1. Stay informed about updates and changes to emissions regulations issued by regulatory agencies.
- 5.8.5.2. Ensure emissions levels are within permissible limits set by relevant authorities.
- 5.8.5.3. Promptly address any deviations from regulatory requirements and implement corrective actions.
- 5.8.6. **Emissions Reduction Strategies:**
- 5.8.6.1. Implement measures to reduce emissions, such as adopting cleaner technologies, improving process efficiency, upgrading equipment, or transitioning to cleaner energy sources.
- 5.8.6.2. Continuously evaluate and optimize operations to minimize emissions while enhancing productivity.
- 5.8.7. **Training and Awareness:**
- 5.8.7.1. Train employees involved in emissions monitoring, reporting, and reduction activities.
- 5.8.7.2. Raise awareness among workforce about the importance of emissions management and their role in achieving reduction goals. .
- 5.9. ***Biodiversity***
- 5.9.1. Carolina Components Group. expects its suppliers to adhere to the following biodiversity management requirements:
- 5.9.2. **Strategic Integration:** Consider biodiversity in all strategic business decisions, from planning to operational phases and site closure.
- 5.9.3. **Impact Assessment and Management:**
- 5.9.3.1. Implement a preventive approach to minimize adverse impacts on biodiversity through avoidance, minimization, and mitigation measures.
- 5.9.3.2. Identify and address risks to biodiversity posed by operational activities.
- 5.9.4. **Continuous Improvement:**
- 5.9.4.1. Strive for continuous improvement in managing and enhancing biodiversity beyond regulatory compliance.



5.9.4.2. Set goals to improve natural systems in land, freshwater, and marine ecosystems affected by operations.

5.9.5. **Accountability and Mitigation:**

5.9.5.1. Hold accountability across all operational locations for biodiversity impacts and implement effective mitigation measures.

5.9.6. **Stakeholder Engagement:**

5.9.6.1. Engage with local communities and stakeholders to build capacity and share knowledge on biodiversity issues.

5.10. Noise Pollution

5.10.1. Carolina Components Group expects its suppliers to adhere to the following noise management requirements:

5.10.2. **Noise Assessments and Mitigation:**

5.10.2.1. Conduct regular noise assessments to identify potential impacts on surrounding communities and ecosystems.

5.10.2.2. Implement appropriate mitigation measures, such as noise-reducing technologies, equipment modifications, and soundproofing.

5.10.3. **Compliance with Regulations:**

5.10.3.1. Adhere to relevant regulations and standards governing noise emissions, ensuring operations comply with permissible limits set by regulatory authorities.

5.11. Environmental Objectives and Targets

5.11.1. Carolina Components Group requires suppliers to set and achieve environmental objectives and targets to enhance sustainability practices and performance.

5.11.2. Setting clear environmental objectives and targets is crucial for articulating a sustainability vision and driving tangible improvements in environmental performance. Suppliers must measure and establish specific targets, such as reducing carbon emissions, conserving water, minimizing energy consumption, and reducing waste. By defining these objectives, suppliers can implement focused strategies and action plans to achieve measurable environmental improvements.

5.11.3. Suppliers are expected to integrate these environmental objectives and targets into their operations, demonstrating a commitment to sustainability and environmental responsibility.

5.11.4. **Training and Awareness :** Suppliers engaged with Carolina Components Group must implement robust environmental training and awareness programs for their employees. These programs should cover pollution prevention, energy conservation,

waste management, environmental regulations, and compliance with standards. By ensuring comprehensive training, suppliers enable their workforce to understand the environmental impacts associated with their roles and adopt best practices to mitigate these impacts effectively. This commitment extends throughout the supply chain, reinforcing a shared responsibility for environmental stewardship beyond the factory floor.

## 5.12. *Monitoring and Measuring*

- 5.12.1. Suppliers working with Carolina Components Group must monitor and measure its environmental performance. This includes implementing the following procedures:
- 5.12.2. **Data Collection:** Suppliers must systematically collect data on environmental aspects and impacts of their operations. This includes tracking energy consumption, water usage, waste generation, emissions, and other relevant indicators.
- 5.12.3. **Monitoring Systems:** Suppliers should deploy robust monitoring systems to track environmental performance indicators in real-time or at regular intervals. This may involve integrating sensors, meters, gauges, and automated data collection tools into production equipment and facilities.
- 5.12.4. **Performance Metrics:** Establish quantifiable and measurable metrics that align with sustainability goals. Examples include energy intensity, water usage per production unit, waste diversion rates, and greenhouse gas emissions.
- 5.12.5. **Regular Inspections:** Conduct routine environmental inspections to ensure compliance with regulatory requirements and internal standards. Identify areas for improvement and implement corrective actions as necessary.
- 5.12.6. **Key Performance Indicators (KPIs):** Define KPIs to assess progress towards environmental objectives over time. These indicators facilitate ongoing performance evaluation and continuous improvement efforts.
- 5.12.7. **Performance Reporting:** Compile comprehensive reports on environmental performance, detailing trends, deviations from targets, root-cause analyses of issues, and recommendations for enhancement. These reports are essential for internal review and communication with external stakeholders.
- 5.12.8. **Management Review:** Hold periodic management review meetings to discuss environmental performance outcomes, identify opportunities for enhancement, and make strategic decisions regarding environmental initiatives.

## 5.13. *Continuous Improvement*

- 5.13.1. Carolina Components Group requires suppliers to work towards continuously improving its environmental performance by:
- 5.13.2. **Review and Evaluation:** Regularly reviewing environmental practices and performance metrics.

- 5.13.3. **Identifying Opportunities:** Actively seeking opportunities for improvement.
- 5.13.4. **Setting Priorities:** Prioritizing initiatives based on environmental impact and feasibility.
- 5.13.5. **Change Implementation:** Implementing procedures, technology, and policy improvements.
- 5.13.6. **Monitoring Progress:** Tracking key performance indicators to meet targets.
- 5.13.7. **Feedback and Communication:** Solicit stakeholder feedback and maintain clear communication.
- 5.13.8. **Adaptation and Adjustment:** Adapting strategies based on feedback and results. These steps support sustainable practices and align with our environmental goals.

## 6. Forms

N/A

## 7. References

<i>Reference Description</i>
<a href="#">ATC-1 Carolina Components Group Purchase Order Terms and Conditions</a>
<a href="#">ATC-2 Carolina Components Group Supplier Code of Conduct</a>
<a href="#">POL-21 Human Rights Policy</a>
<a href="#">CCG-19 CCG Supplier Management Program</a>

## 8. Appendix

N/A