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1. Purpose

Carolina Components Group prioritizes human health and the environment and is committed to ensuring its operations uphold environmental health and protection responsibility. This policy strives to provide clear guidelines for mitigating the environmental footprint of CCG's business through an assessment of its operations, strategic planning, and the adoption of sustainable technologies and practices.

Carolina Components Group is committed to improving its environmental performance, preventing pollution, making the best use of natural resources, managing waste, measuring and acting to reduce its carbon footprint, and complying with relevant environmental legislation and regulations. However, compliance with minimum standards is not sufficient. Carolina Component Group strives to look beyond compliance by consistently seeking ways to safeguard its environment and livelihoods.

2. Scope

This policy applies to all Carolina Components Group operations, employees, facilities, and associated contractors. CCG suppliers will be required to comply with POL-22 Carolina Components Group Supplier Environmental Policy. In the event of a confliction between this policy and POL-22. This policy provided to the supplier will be followed.

3. Assignment of Responsibility

3.1. ***CCG Management***

3.1.1. Ensures the establishment and implementation of energy management policies and procedures.

3.1.2. Allocates necessary resources for energy management initiatives.

3.1.3. Ensures that annual energy usage is tracked and converted into CO2e Scope 1, 2, and 3 greenhouse gas measurements (GHGs), as per the Greenhouse Gas Protocol (GHG-P) Corporate Standard Principles.

3.2. ***CCG Employees/workers***

3.2.1. Adhere to energy-saving practices.

3.2.2. Report any energy-related issues or opportunities for improvement to the designated personnel.

3.3. ***CCG Management and Employees***

3.3.1. Will ensure the following is performed/evaluated/monitored:

3.3.2. Monitoring

i. Regularly monitor and analyze energy consumption patterns across all construction processes.

ii. Identify areas for improvement and prioritize energy-saving initiatives based on the analysis.

iii. Measure, calculate, and report annual Scope 1 and 2 GHGs using GHG-P-aligned methodology to customers via the EcoVadis sustainability assessment process and a GHG-P-aligned carbon accounting software platform.

3.3.3. Equipment optimization

i. Maintain equipment and machinery regularly to ensure optimal energy and performance efficiency.

ii. Implement replacements / upgrades of outdated equipment with energy-efficient alternatives when feasible.

3.3.4. Renewable energy

i. Evaluate the integration of renewable energy systems into operations.

3.3.5. **Employee engagement**

i. Provide ongoing training to educate employees about energy conservation practices.

ii. Encourage employees to contribute ideas for energy-saving measures and recognize their efforts.

3.3.6. **Compliance**

i. Ensure compliance with all relevant energy regulations and standards.

ii. Regularly review and update energy management practices to align with changing regulatory requirements.

4. Definitions

N/A

5. Policy

5.1. Environmental Principles

5.1.1. The following principles guide Carolina Components Group's policy on responsible health and environmental protection:

5.1.1.1. Health and environmental protection are fundamental aspects of business decisions and are the responsibility of every employee.

5.1.1.2. Potential health and environmental impacts and current and future regulatory requirements must be assessed and integrated into the planning and procurement process.

5.1.1.3. Company 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.

5.1.1.4. Managers across all divisions must prioritize health and environmental protection and allocate necessary resources accordingly. Employees are expected to fulfill this responsibility and collaborate to achieve Company objectives.

5.2. Legal Compliance

5.2.1. Carolina Components Group's legal compliance includes the following elements:

5.2.1.1. Identify applicable environmental laws, regulations, and standards relevant to company operations.

5.2.1.2. Create procedures to monitor compliance with environmental regulations. This may involve routine assessments to ensure operations follow the law.

5.2.1.3. Stay informed surrounding environmental legislation / regulations that may impact Carolina Component Group's operations. This may involve subscribing to regulatory updates, participating in relevant industry associations, or consulting with legal experts to stay abreast of relevant changes.

5.2.1.4. Build action plans to address any non-compliance with environmental regulations. This could include remedying violations, instilling preventive measures, and reporting incidents as required by law.

5.2.1.5. Emphasize the importance of employee training and awareness programs to ensure an understanding of environmental regulations and all Carolina Component Group's employees' role in compliance. This includes regular training, workshops, or information to help communicate an employee's legal obligations.

5.2.1.6. Establish accountability within the organizational structure to ensure compliance with environmental regulations. Ensure specific individuals or departments are assigned to monitor compliance, implement corrective actions, and report on environmental performance.

5.2.1.7. 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. While Carolina Components Group may not rely heavily on water in its day-to-day operations, CCG recognizes the importance of addressing water management in the environmental policy via:

5.3.1.1. *Water Conservation:* The company acknowledges the importance of water conservation as a fundamental aspect of responsible resource management, even if its water consumption is relatively low. While the company may not be a heavy water user, it recognizes the value of water conservation and commits to minimizing water waste and optimizing efficiency in water use.

5.3.1.2. *Efficient Practices:* Carolina Components Group seeks to implement water-efficient practices and technologies. This includes regularly monitoring water usage, identifying opportunities for conservation, and implementing measures to reduce consumption - such as repairing leaks, optimizing cooling systems, and installing water-saving devices.

5.3.1.3. *Environmental Stewardship:* By prioritizing water conservation, CCG shows its commitment to environmental stewardship and sustainability, aligning with broader societal goals of protecting natural resources and ecosystems. All water conservation efforts contribute to mitigating water stress, preserving aquatic habitats, and reducing the company's overall environmental footprint.

5.3.1.4. *Risk Management:* While water scarcity is not an immediate concern, CCG recognizes the future risks associated with water usage, such as changing environmental conditions and regulatory requirements. By proactively addressing water management, CCG ensures resilience to future challenges in the evolving pharmaceutical and biotechnology manufacturing landscape.

5.4. Energy Use and Greenhouse Gasses (GHGs)

5.4.1. CCG is dedicated to minimizing its energy consumption, optimizing its processes for efficiency, and exploring renewable energy sources wherever feasible. By implementing energy-saving measures and investing in sustainable technologies, CCG reduces its carbon footprint and contribute to a cleaner, more sustainable future.

5.5. Materials Use

5.5.1. Carolina Components Group understands that addressing material use is crucial for minimizing environmental impact. CCG promotes the following sustainable practices:

5.5.2. *Resource Efficiency*

i. Commit to minimizing resources used by optimizing material use throughout operations.

ii. Emphasize the importance of waste reduction and the conservation of raw materials wherever possible.

5.5.3. *Sustainable Sourcing*

i. Source materials from responsibly managed suppliers whenever feasible.

ii. Encourage suppliers to adhere to environmental standards and certifications in their production processes per POL-22 Carolina Components Group Supplier Environmental Policy.

5.5.4. *Waste Reduction*

i. Implement strategies to minimize material waste generation at every stage of production.

ii. Explore opportunities for recycling, reuse, or repurposing of materials to divert waste from landfills, such as recycling programs.

5.5.5. *Product Design*

i. Incorporate eco-design principles into CCG's product line to encourage circularity, optimize material efficiency, and minimize environmental impact.

ii. Prioritize renewable or recycled materials when possible.

iii. Seek to use bio-based input materials when possible.

5.5.6. *Inventory Management:*

i. Adopt lean inventory management practices to minimize excess raw material stockpiling and associated environmental costs.

ii. Implement systems for managing inventory levels to prevent the over-ordering of materials.

5.5.7. *Training and Awareness:* Provide training to educate employees about sustainable sourcing, responsible material use, and waste reduction.

5.5.8. *Continuous Improvement:* Commit to the ongoing evaluation and improvement of material use through regular internal 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:* Foster collaboration with suppliers, industry partners, and stakeholders to share best practices and explore innovative solutions for sustainable material use.

5.6. Chemical Use

5.6.1. Chemical management is crucial for ensuring worker safety, protecting the environment, and complying with regulations.

5.6.2. Carolina Components Group adheres to the following chemical management principles:

5.6.3. *Chemical Safety and Handling:*

i. CCG commits to ensuring the safe handling, storage, and use of chemicals throughout its operations per SAFPOL-4 Hazard Communication

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

iii. Establish procedures for maintaining a precise inventory of chemicals.

iv. Ensure that chemicals are properly labeled with clear identification of contents, hazards, and handling instructions.

5.6.4. *Risk Assessment and Management:* Conduct risk assessments to identify any hazards in chemical use and storage.

5.6.5. *Substitution and Alternatives:*

i. Find opportunities to substitute hazardous chemicals with safer alternatives whenever feasible.

ii. Prioritize using less toxic or non-toxic substances in processes to minimize environmental and health risks.

5.6.6. *Storage and Disposal:*

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

ii. Implement procedures for properly disposing of chemical waste under regulatory requirements and industry best practices.

5.6.7. *Training and Education:*

i. Provide training for workers on chemical safety, handling procedures, and emergency response procedures.

ii. Ensure all workers know the potential chemical exposure hazards and are equipped with the knowledge and skills to safely handle all chemicals that may be used.

5.6.8. *Emergency Preparedness:* Develop and keep updated emergency response plans for chemical spills, leaks, or accidents.

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

5.6.10. *Compliance and Certification:* Comply with all chemical management-related regulations and industry standards.

5.6.11. *Stakeholder Engagement:* Engage with stakeholders, including employees, suppliers, customers, and regulatory agencies, to collaborate transparently in chemical management efforts.

5.6.12. Wastewater

5.6.12.1. Even though Carolina Components Group does not utilize a significant amount of water in day-to-day operations, CCG recognizes the importance of responsible water resource management. CCG is committed to minimizing its indirect impact on water quality and conservation. This commitment extends to all Carolina Components Group operations, employee practices, suppliers, and contractors.

5.6.12.2. CCG understands the environmental risks associated with wastewater discharge from activities such as sanitation or landscaping. Given this, CCG pledges to implement measures to prevent pollution and contamination of water sources, even if indirectly affected. This includes adopting best practices for wastewater treatment, implementing water conservation measures, and ensuring compliance with applicable regulations and standards related to water quality and discharge.

5.6.12.3. Furthermore, CCG recognizes the interconnectedness of water resources with broader environmental sustainability goals. Carolina Components Group is committed to supporting initiatives to protect and preserve water ecosystems. Through proactive engagement with stakeholders and continuous improvement of environmental management practices, CCG strives to contribute positively to water conservation efforts and promote the responsible stewardship of this vital natural resource.

5.6.13. Waste Management

5.6.14. CCG's environmental policy reaffirms CCG's dedication to responsible environmental practices, aligning with Carolina Components Group’s existing waste management policy.

5.6.15. This includes ongoing waste reduction initiatives and optimizing resource usage to minimize waste generation, consistent with the principles of POL-23 Waste Management.

5.6.16. Carolina Components Group understands the significance of proper waste segregation, handling, disposal, and treatment methods in its operations. Through employee engagement and training efforts, CCG empowers its workforce to actively participate in waste reduction efforts and adhere to waste management guidelines.

5.6.17. Monitoring waste management performance, tracking key metrics, and evaluating the effectiveness of initiatives are integral parts of CCG's commitment to continual environmental improvement.

5.6.18. By collaborating with waste management service providers and other stakeholders, CCG aims to advance best practices in waste management and contribute to the transition toward a circular economy. Carolina Components Group's environmental policy serves as a comprehensive framework that integrates and reinforces the dedication to responsible waste management practices within the broader context of environmental sustainability.

5.6.19. Emissions and Air Pollution

5.6.20. Carolina Components Group recognizes that while its processes may not produce significant emissions that contribute to air pollution, care must be taken towards minimizing emissions by adopting cleaner technologies, process improvements, and control measures. CCG affirms a commitment to complying with all relevant emissions regulations and standards set forth by local authorities and regulatory bodies.

5.6.21. Procedures for emissions management are as follows:

5.6.22. *Emissions Monitoring:*

i. Carolina Components Group has designated personnel responsible for monitoring emissions from operations.

ii. Regular checks and calibrations of monitoring equipment are conducted to ensure accuracy

5.6.23. *Data Collection and Reporting:* Maintain records of emissions data in a centralized database or third-party platform / system.

5.6.24. *Compliance with Regulations*

i. Remain informed about relevant emissions regulations and standards issued by local, regional, and national authorities.

ii. Ensure that emissions levels are within permissible limits set forth by regulatory agencies.

iii. Promptly address any deviations from regulatory requirements and take corrective actions as necessary.

5.6.25. *Emissions Reduction Strategies:*

i. Implement actions to reduce emissions, such as improving process efficiency, upgrading equipment, or shifting to cleaner energy sources.

ii. Evaluate operations to minimize emissions while continuing to maintain productivity.

5.6.26. *Training and Awareness:*

i. Train employees involved in Carolina Component Group's emissions monitoring, reporting, and reduction efforts.

ii. Ensure employees are aware of the importance of emissions management, and their individual role in achieving reduction goals.

5.7. Noise Pollution

5.7.1. Carolina Components Group acknowledges that operations may increase noise pollution in the surrounding community and ecosystem. While CCG's business operations do not significantly contribute to noise emissions, CCG is committed to minimizing noise through various measures and practices.

5.7.2. CCG recognizes the importance of conducting regular noise assessments to identify areas of concern. If noise levels are found to be elevated, mitigation may include investing in noise-reducing technologies, modifying equipment or processes, and/ or implementing community-minded operations schedules where feasible.

5.7.3. CCG is committed to adhering to relevant noise emissions regulations and standards to ensure operations comply with the permissible limits set forth by regulatory authorities.

5.8. Biodiversity

5.8.1. CCG's approach to biodiversity identifies risks and opportunities for enhancing and protecting biodiversity, such as acknowledging listed threatened/endangered species in the State of North Carolina.

5.8.2. CCG strives to run its operations in a manner that minimizes environmental impact and encourages sustainable land usage. CCG understands that its business activities may affect the land, marine, and freshwater ecosystems. As such, CCG implements the *avoidance, minimization, and mitigation* hierarchy in its operations.

5.8.3. *CCG's biodiversity principles include:*

5.8.3.1. CCG considers biodiversity in all strategic business decisions, from planning, to operations, to the distribution of products.

5.8.3.2. A preventive approach to reduce any potential adverse impacts on biodiversity through avoidance, minimization, and mitigation.

5.8.3.3. Biodiversity goals are not limited to statutory and regulatory compliance but also aim to continuously improve the natural systems around CCG facilities.

5.8.3.4. Accepting accountability for all site locations and mitigate any aberrations.

5.8.3.5. Capacity-build through knowledge-sharing on biodiversity issues with concerned stakeholders in the surrounding Durham, NC community.

5.9. Environmental Objectives and Targets

5.9.1. Carolina Components Group understands that setting environmental objectives and targets helps a company articulate its vision for sustainability and set tangible goals

to guide its environmental performance.

5.9.2. CCG will continue working to measure and establish specific objectives / KPIs for carbon emissions reduction, water conservation, energy reduction, and waste minimization. By defining these objectives, CCG can implement specific strategies and actions to drive improvement in environmental performance.

5.10. Responsibilities

5.10.1. This affects not just employees, managers, and leadership, but also suppliers, contractors, and surrounding Durham, North Carolina community.

5.10.2. At the employee level, responsibilities may include adhering to environmental procedures, reporting environmental incidents or concerns, and actively participating in initiatives to improve environmental performance.

5.10.3. Managers and the Carolina Components Group executive team are tasked with providing leadership and guidance to their teams, ensuring that environmental objectives are integrated into day-to-day operations, and allocating resources to support environmental initiatives. Additionally, managers are crucial in promoting awareness and encouraging a culture of environmental responsibility among employees.

5.10.4. Beyond internal stakeholders, the environmental policy also outlines the responsibilities of suppliers and subcontractors in aligning with the company's environmental goals and standards of a given community. This may include complying with environmental regulations, minimizing environmental impacts in their operations, and collaborating with the company to achieve shared sustainability objectives.

5.11. Training and Awareness

5.11.1. Carolina Components Group is developing training sessions related to pollution prevention, energy conservation, waste management, and adherence to environmental regulations and standards. Through comprehensive learning, employees will gain insights into their actions and learn the best practices for mitigating environmental impacts in their daily lives.

5.11.2. Furthermore, training and awareness programs extend beyond operations to include suppliers involved in the manufacturing of the raw materials and components CCG purchases.

5.12. Monitoring and Measuring

5.12.1. In high-purity processing component manufacturing, monitoring and measuring environmental performance involves several typical procedures:

5.12.2. *Data Collection:* The first step is collecting data on environmental aspects and impacts across various operations and processes. This includes gathering

information on energy consumption, water usage, waste generation, emissions, and other key metrics.

5.12.3. *Monitoring systems:* Continuously track environmental performance indicators in real-time or at regular intervals. This may involve integrating sensors, meters, gauges, and automated data collection tools in cleanroom production equipment and warehouse facilities.

5.12.4. *Performance Metrics:* These metrics should be quantifiable, measurable, and relevant to the company's sustainability goals. Standard metrics include energy intensity, water usage, waste diversion rates, and greenhouse gas emissions.

5.12.5. *Regular Inspections:* Conduct environmental inspections on job sites to assess compliance with regulatory requirements and internal standards.

5.12.6. *Key Performance Indicators:* Defining key performance indicators to evaluate progress towards environmental goals over time.

5.12.7. *Performance Reporting:* Compiling environmental performance data and preparing comprehensive reports for internal review and external stakeholders. These reports typically include analyses of trends, variances from targets, root-cause analyses of deviations, and recommendations for improvement.

5.12.8. *Management Review:* Periodic management review meetings are held to discuss environmental performance results, identify areas for improvement, and make informed decisions on corrective actions and strategic adjustments.

5.13. Continuous Improvement

5.13.1. Continuous improvement is a fundamental aspect of environmental management for Carolina Components Group. It involves an ongoing review, evaluation, and adjustment process aimed at enhancing environmental performance over time:

5.13.2. *Review and Evaluation*: The company should regularly review its environmental management practices, procedures, and performance metrics to assess effectiveness and identify any areas for improvement. This review process may include analyzing data collected through monitoring systems, conducting internal audits, and soliciting stakeholder feedback.

5.13.3. *Identifying opportunities:* The company identifies opportunities to improve environmental performance through the review process. These opportunities may arise from technological advancements, process optimization, changes in regulatory requirements, or feedback from employees and other stakeholders.

5.13.4. *Setting Priorities:* Once opportunities for improvement are identified, the company prioritizes them based on potential environmental impact, feasibility, cost-effectiveness, and alignment with corporate sustainability goals. This prioritization helps focus resources on initiatives yielding the most significant environmental benefits.

5.13.5. *Change Implementation:* This is the implementation of changes and initiatives to improve environmental performance. This may involve updating work processes, investing in new technologies or equipment, providing additional employee training, or revising policies and practices to better align with environmental objectives.

5.13.6. *Monitoring Progress:* After implementing these changes, Carolina Components Group will monitor its progress to ensure that improvements are being realized. This involves tracking key performance indicators and comparing results against targets and benchmarks established during the planning phase.

5.13.7. *Feedback and Communication***:** Carolina Components Group actively seeks feedback from employees, suppliers, customers, and other stakeholders to gauge the effectiveness of improvement efforts and identify any unintended consequences or areas requiring further attention. Clear communication channels ensure all stakeholders are informed about progress and actively engaged in the improvement process.

5.13.8. *Adaptation and Adjustment:* Based on feedback and monitoring results, the company adapts its environmental management approach and adjusts as needed. This may involve fine-tuning processes, reallocating resources, or revising objectives and targets to reflect changing circumstances or new opportunities.

6. Forms

Reference Description
N/A

7. References

Reference Description
POL-23 Waste Management
SAFPOL-4 Hazard Communication
POL-22 Carolina Components Group Supplier Environmental Policy

8. Appendix

N/A