



ENVIRONMENTAL POLICIES FOR SUPPLIERS

DEHNCO Equipment & Supplies Co., Inc

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1. Introduction

At Dehnco Equipment & Supplies Co., Inc. (DEHNCO), we recognize the importance of integrating environmental responsibility into every aspect of our operations. As a company that values sustainability, we strive to align our practices with environmental best practices and regulatory standards. This policy outlines the principles and actions that guide our efforts to minimize ecological impact, promote resource efficiency, and support a more sustainable future through responsible business operations.

2. Policy Statement

DEHNCO requires its suppliers to commit to continual improvement in environmental performance, including pollution prevention, efficient use of natural resources, waste management, and actions to reduce carbon footprints. Suppliers must also comply with all relevant environmental legislation and regulations, which we consider the minimum standard. Beyond compliance, suppliers are expected to actively seek ways to safeguard health and the environment.

3. Purpose

This policy aims to provide clear guidelines for mitigating the environmental footprint of our manufacturing processes. Suppliers must conduct thorough operations assessments, develop strategic action plans, and adopt sustainable practices and technologies. Compliance with all relevant environmental legislation and regulations is mandatory, and suppliers must actively seek ways to protect health and the environment beyond mere compliance.

4. Applicability

This policy applies to all DEHNCO Suppliers and contractors.

5. Environmental Principles

DEHNCO requires its suppliers to adhere to the following principles for responsible health and environmental protection:

1. **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.
2. **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.
3. **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.
4. **Managerial Responsibility:** Managers across all supplier organization divisions must prioritize health and environmental protection and allocate the necessary resources to achieve these goals.
5. **Employee Collaboration:** All employees are expected to fulfill their responsibility to protect health and the environment and collaborate to achieve these objectives.

6. Legal Compliance

DEHNCO requires its suppliers to adhere to the following elements of legal compliance:

1. **Identify Applicable Laws:** Suppliers must identify all relevant environmental laws, regulations, and standards applicable to their operations.
2. **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.
3. **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.
4. **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. **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.
6. **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.
7. **Engagement with Stakeholders:** Suppliers must acknowledge the importance of engaging with regulatory authorities, industry associations, and other relevant stakeholders on environmental compliance issues.

7. Water Use

DEHNCO requires its suppliers to adhere to the following principles for responsible water management:

1. **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.
2. **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.
3. **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.
4. **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.

8. Energy and Greenhouse Gasses (GHGs)

DEHNCO requires suppliers to adhere to the following principles for responsible energy management:

1. **Management Responsibilities:**
 - Establish and implement energy management policies and procedures.
 - Allocate necessary resources for energy management initiatives.
 - Ensure energy usage is tracked through the Greenhouse Gas Protocol (GHG-P) principles and the Greenhouse Gas Resource Institute (GRI).
2. **Employee Responsibilities:**
 - Adhere to energy-saving practices.
 - Report any energy-related issues or opportunities for improvement to designated personnel.
3. **Monitoring:**
 - Regularly monitor and analyze energy consumption patterns across all manufacturing processes.
 - Identify areas for improvement and prioritize energy-saving initiatives based on the analysis.
 - 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.
4. **Equipment Optimization:**
 - Regularly maintain equipment and machinery to ensure optimal performance and energy efficiency.
 - Implement upgrades and replacements of outdated equipment with energy-efficient alternatives whenever feasible.
5. **Renewable Energy:**
 - Evaluate the feasibility of integrating renewable energy systems into manufacturing operations.
6. **Employee Engagement:**
 - Provide training and development programs to educate employees about energy conservation practices.
 - Encourage employees to contribute ideas for energy-saving measures and recognize their efforts.
7. **Compliance:**
 - Ensure compliance with all relevant energy regulations and standards.
 - Regularly review and update energy management practices to align with changing regulatory requirements.

9. Material Use

DEHNCO requires its suppliers to adhere to the following principles for sustainable material use:

1. **Resource Efficiency**
 - Maximize resource efficiency by optimizing material use throughout manufacturing processes.
 - Reduce waste and conserve raw materials wherever possible.
2. **Responsible Sourcing of Wood:**

- Suppliers are expected to make efforts to source all wood and wood-based products from sustainable forests certified by recognized organizations such as FSC® (Forest Stewardship Council®) or PEFC (Programme for the Endorsement of Forest Certification). Suppliers should align with DEHNCO's commitment to minimizing deforestation and supporting reforestation efforts per global sustainability goals.
- 3. **Sustainable Sourcing:**
 - Source materials from responsibly managed suppliers whenever feasible.
 - Adhere to environmental standards and certifications in production processes.
- 4. **Waste Reduction:**
 - Implement strategies to minimize material waste at every production stage.
 - Explore opportunities for recycling, reuse, or repurposing of materials to divert waste from landfills, such as a tool repair program.
- 5. **Product Design:**
 - Incorporate eco-design principles into product development to optimize material efficiency and minimize environmental impact over the product lifecycle.
 - Prioritize renewable or recycled materials in product manufacturing where applicable.
- 6. **Inventory Management:**
 - Adopt lean inventory management practices to minimize excess material stockpiling and associated environmental costs.
 - Implement systems for tracking and managing inventory levels to prevent over-ordering or underutilizing materials.
- 7. **Specific Training and Awareness:**
 - Provide training programs and awareness campaigns to educate employees about responsible material use and waste reduction.
- 8. **Collaboration and Innovation:**
 - Collaborate with suppliers, industry partners, and stakeholders to share best practices and explore innovative, sustainable material-use solutions.

10. Chemical Use

DEHNCO requires its suppliers to adhere to the following principles for chemical management:

1. **Chemical Safety and Handling:**
 - Ensure the safe handling, storage, and use of chemicals throughout all manufacturing phases.
 - Implement measures to prevent spills, leaks, and hazardous chemical accidents.
2. **Chemical Inventory and Labeling:**
 - Maintain an accurate inventory of all chemicals used in the facility.
 - Properly label chemicals with clearly identifying contents, hazards, and handling instructions.
3. **Risk Assessment and Management:**
 - Conduct risk assessments to identify hazards associated with chemical use and storage.
 - Manage identified risks appropriately.
4. **Substitution and Alternatives:**

- Explore opportunities to substitute hazardous chemicals with safer alternatives wherever feasible.
 - Prioritize manufacturing using less toxic or non-toxic substances to minimize environmental and health risks.
5. **Storage and Disposal:**
- Establish protocols for safely storing chemicals, including appropriate containment measures and ventilation systems.
 - Properly dispose of chemical waste per regulatory requirements and industry best practices.
6. **Training and Education:**
- Provide comprehensive training programs for employees on chemical safety, handling procedures, and emergency response protocols.
 - Ensure all workers are aware of potential hazards and equipped with the necessary knowledge and skills to handle chemicals safely.
7. **Emergency Preparedness:**
- Develop and maintain emergency response plans for dealing with chemical spills, leaks, or accidents.
8. **Monitoring and Reporting:**
- Implement monitoring programs to track chemical usage, emissions, and environmental impacts.
9. **Compliance and Certification:**
- Ensure compliance with all regulations, industry standards, and permits related to chemical management.
10. **Stakeholder Engagement:**
- Engage with stakeholders, including employees, suppliers, customers, and regulatory agencies, to foster collaboration and transparency in chemical management efforts.

11. Wastewater

DEHNCO requires its suppliers to adhere to the following principles for responsible water resource management:

1. **Water Conservation:**
 - Implement measures to minimize water usage in all operations, including facility maintenance, employee practices, and supply chain management.
2. **Pollution Prevention:**
 - Adopt best practices to prevent pollution and contamination of water sources, even from indirect activities such as facility sanitation or landscaping.
3. **Wastewater Treatment:**
 - Implement appropriate wastewater treatment measures to ensure water discharge complies with applicable regulations and standards.
4. **Regulatory Compliance:**
 - Ensure compliance with all relevant regulations and standards related to water quality and discharge.
5. **Environmental Impact:**

- Recognize the potential environmental risks associated with water usage and discharge and take proactive steps to mitigate these risks.
- 6. **Stakeholder Engagement:**
 - Engage with stakeholders to support and contribute to initiatives to protect and preserve water ecosystems.
- 7. **Continuous Improvement:**
 - Continuously improve environmental management practices to support water conservation efforts and promote responsible stewardship of water resources.

12. Waste Management

DEHNCO expects its suppliers to adhere to the following waste management requirements in alignment with our environmental policy:

1. **Regulatory Compliance:**
 - Comply with all applicable waste management regulations and standards relevant to your operations.
2. **Waste Reduction Initiatives:**
 - Implement ongoing initiatives to reduce waste generation and optimize resource usage to minimize environmental impact.
3. **Waste Segregation and Handling:**
 - Properly segregate, handle, dispose of, and treat waste materials per our waste management policy and local regulations.
4. **Employee Engagement:**
 - Engage employees in waste reduction efforts through training and awareness programs, encouraging active participation in waste management practices.
5. **Performance Monitoring:**
 - Monitor and track key metrics related to waste management performance and regularly evaluate the effectiveness of waste reduction initiatives.
6. **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.
7. **Adherence to Environmental Policy:**
 - Align with our broader environmental policy goals and objectives, demonstrating a commitment to responsible environmental practices and sustainability.

By integrating these requirements into your operations, you contribute to our collective efforts to achieve sustainable waste management practices and uphold environmental stewardship principles.

13. Biodiversity Protection

Suppliers must demonstrate a commitment to protecting biodiversity and promoting sustainable resource management by adhering to the following requirements:

1. **Sustainable Sourcing of Materials:** Suppliers must prioritize sustainable sourcing of natural resources, such as responsibly procuring wood from forests certified by recognized organizations like FSC® or PEFC. This includes minimizing environmental impact during extraction, processing, and transportation of materials.
2. **Habitat and Ecosystem Preservation:** Suppliers must implement practices to avoid deforestation, habitat destruction, and ecosystem adverse impacts. This includes careful site planning, minimizing land disturbance, and supporting reforestation or conservation efforts where applicable.
3. **Reduction of Harmful Substances:** Suppliers must minimize the use of materials and chemicals that pose risks to biodiversity, such as toxic pollutants or non-biodegradable substances.
4. **Compliance and Transparency:** Suppliers must comply with relevant environmental regulations and standards while maintaining transparency in their sourcing practices.

14. Emissions and Air Pollution

DEHNCO expects its suppliers to adhere to the following emissions management requirements:

1. **Regulatory Compliance:**
 - Comply with all applicable emissions regulations and standards established by local, regional, and national authorities.
2. **Emissions Monitoring:**
 - Designate personnel responsible for monitoring emissions from manufacturing processes.
 - Conduct regular checks and calibrations of monitoring equipment to ensure accuracy.
3. **Data Collection and Reporting:**
 - Maintain accurate records of emissions data in a centralized database or system per regulatory requirements.
4. **Compliance with Regulations:**
 - Stay informed about updates and changes to emissions regulations issued by regulatory agencies.
 - Ensure emissions levels are within permissible limits set by relevant authorities.
 - Promptly address any deviations from regulatory requirements and implement corrective actions.
5. **Emissions Reduction Strategies:**
 - Implement measures to reduce emissions, such as adopting cleaner technologies, improving process efficiency, upgrading equipment, or transitioning to cleaner energy sources.
 - Continuously evaluate and optimize operations to minimize emissions while enhancing productivity.
6. **Specific Training and Awareness:**
 - Train employees involved in emissions monitoring, reporting, and reduction activities.
 - Raise awareness among your workforce about the importance of emissions management and their role in achieving reduction goals.

By integrating these requirements into your operations, you contribute to our commitment to minimizing emissions, promoting environmental sustainability, and complying with regulatory standards.

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15. Noise Pollution

DEHNCO expects its suppliers to adhere to the following biodiversity and noise management requirements:

Biodiversity Management:

1. **Strategic Integration:**
 - Consider biodiversity in all strategic business decisions, from planning to operational phases and site closure.
2. **Impact Assessment and Management:**
 - Implement a preventive approach to minimize adverse impacts on biodiversity through avoidance, minimization, and mitigation measures.
 - Identify and address risks to biodiversity posed by operational activities.
3. **Continuous Improvement:**
 - Strive for continuous improvement in managing and enhancing biodiversity beyond regulatory compliance.
 - Set goals to improve natural systems in land, freshwater, and marine ecosystems affected by operations.
4. **Accountability and Mitigation:**
 - Hold accountability across all operational locations for biodiversity impacts and implement effective mitigation measures.
5. **Stakeholder Engagement:**
 - Engage with local communities and stakeholders to build capacity and share knowledge on biodiversity issues.

Noise Pollution Management:

1. **Noise Assessments and Mitigation:**
 - Conduct regular noise assessments to identify potential impacts on surrounding communities and ecosystems.
 - Implement appropriate mitigation measures, such as noise-reducing technologies, equipment modifications, and soundproofing.
2. **Compliance with Regulations:**
 - Adhere to relevant regulations and standards governing noise emissions, ensuring operations comply with permissible limits set by regulatory authorities.

Integrating these requirements into your operations demonstrates a commitment to minimizing environmental impacts, promoting biodiversity conservation, and effectively managing noise emissions. This approach aligns with our efforts to operate responsibly and sustainably across all business operations.

16. Supplier Responsibilities

Suppliers working with DEHNCO must monitor and measure its environmental performance. This includes implementing the following procedures:

1. **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.
2. **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.
3. **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.
4. **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. **Key Performance Indicators (KPIs):** Define KPIs to assess progress towards environmental objectives over time. These indicators should facilitate ongoing performance evaluation and continuous improvement efforts.
6. **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.
7. **Management Review:** Hold periodic management review meetings to discuss environmental performance outcomes, identify opportunities for enhancement, and make strategic decisions regarding environmental initiatives.

By adhering to these monitoring and measurement practices, suppliers demonstrate their commitment to environmental responsibility and contribute to sustainable business practices across the supply chain.

17. Environmental Goals and Reduction Plans

A sustainable future requires a collective effort, and at Dehnco, we are committed to driving meaningful environmental progress. By sharing our key sustainability goals with our suppliers, we aim to align efforts, foster collaboration, and create a shared responsibility for reducing environmental impact. Our primary targets focus on the most critical areas of sustainability:

Quantitative and Qualitative Goals and Reduction Plans

- **Greenhouse Gas Emissions (GHG) Reduction Plan:**
 - **Quantitative Goal:**
 - 80% of key suppliers with scopes 1 and 2 calculated by 2027
 - 80% of key suppliers with carbon reduction plans by 2028
 - **Qualitative Goals:**
 - integrate greenhouse gas (GHG) reduction strategies into procurement decisions and supplier engagement.
 - Actively promote energy-efficient technologies, optimize resource use, and encourage suppliers to adopt sustainable practices.
- **Waste Reduction Plan:**

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- **Quantitative Goal:**
 - 100% of key suppliers measuring waste generation level by 2027
 - 80% of key suppliers with a waste generation reduction plan by 2028.
- **Qualitative Goals:**
 - Promote sustainable material use and circular economy practices within our supply chain.
 - Collaborate with suppliers to implement effective waste reduction strategies, including adopting a General Recycling Standard Operating Procedure (SOP), exploring steel recycling partnerships, promoting paper and e-waste collection programs, and identifying concrete recycling solutions.
 - Encourage suppliers to explore sustainable material sourcing, reduce packaging waste, and optimize manufacturing processes to minimize scrap and surplus.
- **Water Usage Reduction Plan**
 - **Quantitative Goal:**
 - 80% suppliers with a water demand reduction plan by 2026
 - **Qualitative Goals:**
 - Promote responsible water management practices across our supply chain.
 - Work with suppliers to implement water conservation strategies, including using recycled water in production processes, rainwater harvesting, and optimizing water-intensive operations.

Through these initiatives, we encourage our partners to join us in implementing sustainable practices that contribute to a resilient and environmentally responsible supply chain.

Supplier to set their sustainability targets

DEHNCO requires suppliers to establish and pursue clear environmental objectives and targets to enhance sustainability practices and performance. Setting measurable goals is essential for defining a sustainability vision and driving meaningful improvements in carbon emissions reduction, water conservation, energy efficiency, and waste minimization.

Suppliers must integrate these targets into their operations, demonstrating a genuine commitment to environmental responsibility. This approach supports DEHNCO's broader mission of promoting sustainable practices across the supply chain and fostering continuous environmental improvement.

Supplier Managers and Executives' Responsibilities

Suppliers and contractors working with DEHNCO must adhere to these environmental standards and work to achieve their environmental goals. This includes following environmental procedures, promptly reporting incidents, and minimizing environmental impacts in their operations.

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. Collaboration with DEHNCO is essential to meet mutual sustainability objectives across the supply chain.

18. Training and Awareness

Suppliers engaged with DEHNCO 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.

DEHNCO requires suppliers to work towards continuously improving its environmental performance by:

1. **Review and Evaluation:** Regularly reviewing environmental practices and performance metrics.
2. **Identifying Opportunities:** Actively seeking opportunities for improvement.
3. **Setting Priorities:** Prioritizing initiatives based on environmental impact and feasibility.
4. **Change Implementation:** Implementing improvements in procedures, technology, and policies.
5. **Monitoring Progress:** Tracking key performance indicators to ensure targets are met.
6. **Feedback and Communication:** Solicit stakeholder feedback and maintain clear communication.
7. **Adaptation and Adjustment:** Adapting strategies based on feedback and results.

These steps support sustainable practices and align with our environmental goals.

19. Document Reviews and update

DEHNCO will review and revise this policy annually to ensure its effectiveness and relevance.