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Title: ENV 01 - ENVIRONMENTAL POLICY			
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1. Environmental Policy

Carbonfree is committed to minimizing its environmental impacts. This environmental policy sets forth how the decisions we make in our business operations reflect good stewardship of the environment, including our energy usage/GHG emissions, materials choices that affect product life and end-of-life, chemicals usage, water management, waste management, air and noise pollution outputs, biodiversity, and our customers' health and safety.

2. Environmental Policy Statement

We are committed to improving our environmental performance, preventing pollution, making the best use of natural resources, managing waste, measuring and taking action toward reducing our carbon footprint, and compliance with relevant environmental legislation and regulations. However, compliance with regulations is considered the minimum standard in addressing environmental concerns. Carbonfree looks beyond compliance by actively seeking ways to safeguard our customers' health and the environment.

3. Purpose

This policy aims to provide clear guidelines for mitigating the environmental footprint of our business through a thorough assessment of our operations, strategic action planning, and adoption of sustainable practices and technologies.

4. Applicability

This policy applies to all Carbonfree operations, contractors, and suppliers.

5. Control Departments

Operations
Health & Safety

6. Environmental Principles

The following principles guide Carbonfree's policy on responsible health and environmental protection:

- Health and environmental protection is a fundamental aspect of business decisions and is the responsibility of every employee.

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

7. Legal Compliance

Carbonfree's legal compliance includes the following elements:

- Identify applicable environmental laws, regulations, and standards relevant to the company's operations.
- Create monitoring mechanisms and procedures for the company to monitor its compliance with environmental regulations. This may involve regular assessments to ensure operations follow legal requirements.
- Commit to staying informed about changes in environmental legislation and regulations that may impact company operations. This may involve subscribing to regulatory updates, participating in industry associations, or consulting with legal experts to ensure awareness of relevant changes.
- Build action plans for addressing instances of non-compliance with environmental regulations. This includes remedying violations, implementing preventive measures, and reporting incidents to authorities as required by law.
- Emphasize the importance of providing 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 to inform employees of their legal obligations.
- Establish clear lines of accountability within the organization to ensure compliance with environmental regulations. This may involve assigning responsibility to specific individuals or departments to monitor compliance, implement corrective actions, and report on environmental performance.
- Acknowledge the importance of engaging with regulatory authorities, industry associations, and other relevant stakeholders on environmental compliance issues.

8. Water Use

Carbonfree recognizes the importance of addressing water management in our environmental policy. We incorporate the following best practices in our production processes:

- **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. Carbonfree recognizes the value of this finite resource. It commits to minimizing waste and optimizing efficiency in water use wherever possible.
- **Efficient Practices:** The company strives to implement water-efficient practices and technologies despite minimal water usage. 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.
- **Environmental Stewardship:** By prioritizing water conservation, Carbonfree demonstrates 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.
- **Risk Management:** While water scarcity may not be an immediate concern for the company, it recognizes the potential future risks associated with changing environmental conditions and regulatory requirements related to water usage. By proactively addressing water management in its environmental policy, Carbonfree ensures resilience to future challenges and maintains a competitive advantage in an evolving business landscape.

9. Energy Use and Greenhouse Gases (GHGs)

At Carbonfree, we are dedicated to minimizing our energy consumption, optimizing our processes for efficiency, and exploring renewable energy sources wherever feasible. By implementing energy-saving measures and investing in sustainable technologies, we reduce our carbon footprint and contribute to a cleaner, more sustainable future.

Our Responsibilities

Management

- Management ensures the establishment and implementation of energy management policies and procedures.
- It allocates the necessary resources for energy management initiatives.

- As of 2025, management ensures that annual energy usage is tracked and converted into CO2e Scope 1, 2, and 3 greenhouse gas measurements, as per the principles set forth in the [Greenhouse Gas Corporate Standard Protocol \(GHG-P\)](#).

Employees/workers

- Adhere to energy-saving practices.
- Report any energy-related issues or opportunities for improvement to the designated personnel.

In addition, both management and employees/workers are responsible for:

1. 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 our annual Scope 1, 2, and 3 GHGs using the GHG-P via the EcoVadis assessment process and our annual ESG reporting.

2. Equipment optimization

Regularly maintain equipment and machinery to ensure optimal performance and energy Efficiency. Implement maintenance, upgrades and replacements of outdated equipment with energy-efficient alternatives whenever feasible.

3. Renewable energy

Evaluate the integration of renewable energy systems into our manufacturing operations.

4. Employee engagement

Provide ongoing training and development programs to educate employees about energy conservation practices. Encourage employees to contribute ideas for energy-saving measures and recognize their efforts.

5. Compliance

Ensure compliance with all relevant energy regulations and standards. Regularly review and update energy management practices to align with changing regulatory requirements.

6. Reduction

Set GHG reduction targets utilizing the methodology set forth by the [Science-based Target Initiative \(SBTi\)](#).

10. Materials Use

Carbonfree understands that addressing material use is crucial for minimizing environmental impact. Below are some sustainable practices that we promote.

- *Resource Efficiency*
 - Commitment to maximizing resource efficiency by optimizing material use throughout our job sites.
 - Emphasize the importance of waste reduction and the conservation of raw materials wherever possible.

- *Sustainable Sourcing*
 - Pledge to source materials from responsibly managed suppliers whenever feasible.
 - Encourage our suppliers to adhere to environmental standards and certifications in their production processes.

- *Waste Reduction*
 - Implement strategies to minimize material waste generation at every stage of production.
 - Explore opportunities for recycling, reuse, or repurposing of materials to divert waste from landfills, such as our recycling program.

- *Building Design*
 - Incorporate eco-design principles into our work facilities to optimize material efficiency and minimize environmental impact.
 - Prioritize renewable or recycled materials where applicable.

- *Inventory Management*
 - Adopt lean inventory management practices to minimize excess raw material stockpiling and associated environmental costs.
 - Implement systems for tracking and managing inventory levels to prevent over-ordering or underutilizing materials.

- *Training and Awareness*
 - Provide training and awareness campaigns to educate employees about responsible material use and waste reduction.

- *Continuous Improvement*
 - Commit to ongoing evaluation and improvement of material use practices through regular audits and assessments.

- *Compliance*
 - Ensure compliance with regulations and industry standards for material sourcing, usage, and waste management.
- *Collaboration and Innovation*
 - Foster collaboration with suppliers, industry partners, and stakeholders to share our best practices and explore innovative solutions for sustainable material use.

11. Chemical Use

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

Carbonfree adheres to the following chemical management principles:

- **Chemical Safety and Handling**
 - Carbonfree has committed to ensuring the safe handling, storage, and use of chemicals throughout its operations.
 - Implement appropriate measures to prevent spills, leaks, and hazardous chemical accidents.
- **Chemical Inventory and Labeling**
 - Establish procedures for maintaining an accurate inventory of chemicals at a given work site.
 - Ensure that chemicals are properly labeled with clear identification of contents, hazards, and handling instructions.
- **Risk Assessment and Management**
 - Conduct risk assessments to identify any chemical use and storage hazards, if applicable.
- **Substitution and Alternatives**
 - Explore opportunities to substitute hazardous chemicals with safer alternatives wherever feasible.
 - Prioritize using less toxic or non-toxic substances in our manufacturing processes to minimize environmental and health risks.
- **Storage and Disposal**
 - Establish protocols for safely storing chemicals, including appropriate containment measures and ventilation systems.

- Implement procedures for properly disposing of chemical waste under regulatory requirements and industry best practices.
- **Training and Education**
 - When chemicals are in use at a job site, provide training for workers on chemical safety, handling procedures, and emergency response protocols.
 - Ensure that all workers know the potential chemical exposure hazards and are equipped with the necessary knowledge and skills to handle chemicals safely.
- **Emergency Preparedness**
 - Develop and update emergency response plans for dealing with chemical spills, leaks, or accidents.
- **Monitoring and Reporting**
 - Implement monitoring programs to track chemical usage, emissions, and environmental impacts.
- **Compliance and Certification**
 - Ensure compliance with all regulations, industry standards, and permits related to chemical management.
- **Stakeholder Engagement**
 - Engage with stakeholders, including employees, suppliers, customers, and regulatory agencies, to foster collaboration and transparency in chemical management efforts.

12. Wastewater

Carbonfree recognizes the importance of responsible water resource management. We are committed to minimizing our indirect impact on water quality and conservation. This commitment extends to all operations, job sites, employee practices, and suppliers/sub-contractors.

We acknowledge the potential environmental risks associated with wastewater discharge. Therefore, we pledge 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 local and regional Texas regulatory bodies, as well as federal regulations and standards related to water quality and discharge.

Furthermore, we recognize the interconnectedness of water resources with broader environmental sustainability goals. We are committed to supporting initiatives to protect and preserve water ecosystems. Through proactive engagement with stakeholders and continuous improvement of our

environmental management practices, we strive to contribute positively to water conservation efforts and promote responsible stewardship.

13. Waste Management

In alignment with our company's existing waste management policy, our environmental policy reaffirms our dedication to responsible environmental practices. While we value our ongoing efforts in waste management, we extend our commitment to encompass broader environmental objectives outlined in this policy.

Our company remains dedicated to complying with all relevant waste management regulations and standards in the State of Texas, while continuously striving to improve our waste management practices over time. We emphasize the need for ongoing waste reduction initiatives and the optimization of resource usage to minimize waste generation, which is consistent with the principles of our waste management policy.

Furthermore, we highlight the significance of proper waste segregation, handling, disposal, and treatment methods at each job site. Through employee engagement and training initiatives, we empower our workforce to actively participate in waste reduction efforts and adhere to waste management guidelines.

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

By collaborating with waste management service providers and other stakeholders, we aim to advance best practices in waste management and contribute to the transition toward a circular economy. Our environmental policy serves as a comprehensive framework that integrates and reinforces our dedication to responsible waste management practices within the broader context of environmental sustainability.

14. Emissions and Air Pollution

Carbonfree recognizes that our processes may produce some emissions that contribute to air pollution and, ultimately, to climate change. We are committed to minimizing emissions by adopting cleaner technologies, process improvements, and control measures. We affirm our commitment to complying with all relevant emissions regulations and standards set forth by local authorities and regulatory bodies.

Our procedures for emissions management are as follows:

Emissions Monitoring: Carbonfree has designated personnel responsible for monitoring emissions from our operations. Regular checks and calibrations of monitoring equipment are conducted to ensure accuracy.

Data Collection and Reporting: Maintain records of emissions data in a centralized database or system.

Compliance with Regulations: Stay informed about relevant emissions regulations and standards issued by local, regional, and national authorities. Ensure that emissions levels are within permissible limits set forth by regulatory agencies. Promptly address any deviations from regulatory requirements and take corrective actions as necessary.

Emissions Reduction Strategies: Implement actions to reduce emissions, such as improving process efficiency, upgrading equipment, or switching to cleaner energy sources. Continuously evaluate and optimize operations to minimize emissions while maintaining productivity.

Training and Awareness: Train employees involved in emissions monitoring, reporting, and reduction efforts. Raise awareness amongst our employees about the importance of emissions management and their role in achieving reduction goals.

15. Noise Pollution

While our manufacturing operations may not contribute significantly to ongoing noise emissions in our surrounding community, we are nonetheless committed to minimizing this impact through various measures and practices. Additionally, we are committed to adhering to relevant regulations and standards related to noise emissions, ensuring that our operations comply with permissible limits and guidelines set forth by regulatory authorities.

16. Customer Health and Safety

Carbonfree is committed to ensuring that customer health and safety are fully integrated into our operations and product lifecycle. Specific actions include:

1. **Embedding product health and safety requirements** into Carbonfree's Quality Management System.
2. **Maintaining a documented Product Recall Process** to ensure immediate corrective action in the event of a quality or safety issue.
3. **Tracking and managing customer complaints** through structured procedures, with corrective and preventive action plans assigned and monitored until closure.
4. **Conducting investigations of all product safety incidents**, with outcomes reviewed by the Quality and EHS teams.

5. **Establishing annual objectives for customer health and safety**, including:
 - a. Achieving 100% closure of product safety complaints with documented corrective actions; and
 - b. Providing employee training on customer health and safety responsibilities relevant to their roles.

17. Biodiversity

Our approach to biodiversity identifies risks and opportunities for enhancing and protecting biodiversity, such as acknowledging listed threatened/endangered species in the State of Texas, USA and in any other out-of-state sites.

Although our facilities are not located on any designated biodiverse lands, we strive to run our operations in a manner that minimizes environmental impact and encourages sustainable land usage. Our operational activities may affect the biodiversity and natural systems of land, marine, and freshwater ecosystems. As such, we implement the *avoidance, minimization, and mitigation* hierarchy in our operations.

Our biodiversity principles include:

1. We consider biodiversity in all strategic business decisions, from planning to operations and closure of sites.
2. A preventive approach to minimize the adverse impacts on biodiversity through avoidance, minimization, and mitigation.
3. Our biodiversity goals are not limited to statutory and regulatory compliance but aim instead to continuously improve the natural systems of the land, freshwater, and marine systems around us.
4. Accountability for all locations and creating mitigation systems for aberration.
5. Capacity-building through inclusiveness and regular knowledge-sharing on biodiversity issues with concerned community stakeholders.

18. Qualitative and Quantitative Environmental Objectives and Targets

Carbonfree understands that setting environmental objectives and targets helps a company articulate its vision for sustainability and outlines tangible goals to guide its environmental performance.

Our Qualitative Environmental Targets

Carbonfree will continue working to measure and establish qualitative targets such as:

- Despite a new plant opening in 2026, continue to reduce Scope 1 and 2 GHG emissions
- Implement energy programs, such as timed lights and LED lighting in plant and offices
- Conduct training for all employees on energy reducing behaviors, water stewardship, and reducing, reusing, and recycling.

Our Quantitative Environmental Targets

Carbonfree's quantitative, time-bound environmental targets include:

- Achieve 0% loss time for cases involving fires and other environmentally induced incidents, ensuring a safe and injury-free operating environment for our employees and customers.
- Implement online product safety briefings to improve environmentally induced accident prevention training for 100% of our employees at our U.S. operations by 2027.
- Reduce our U.S. operations' Scope 1 & 2 GHG emissions by 5% from a 2024 baseline year by 2030.
- Reduce our U.S. operations' total energy consumption by 5% from a 2024 baseline year by 2030.
- Achieve 100% closure of any customer product safety complaints with documented corrective actions in 2026, and for each subsequent year thereafter.

We understand that by defining these objectives, we can implement targeted strategies and action plans to drive measurable improvements in environmental performance.

19. Responsibilities

The policies and targets contained within this document affect not just our employees, managers, and leadership, but also our suppliers and sub-contractors.

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

Carbonfree managers, site supervisors, and the 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 and supervisors are crucial in promoting awareness and encouraging a culture of environmental responsibility among our workers.

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

20. Training and Awareness

In a manufacturing company, training and awareness programs foster a culture of responsibility among employees. These initiatives are designed to equip workers with the knowledge and awareness needed to understand environmental issues relevant to their roles and contribute effectively to the company's environmental objectives.

Carbonfree is committed to implementing ongoing environmental training sessions related to pollution prevention, energy conservation, waste management, water stewardship, and adherence to environmental regulations and standards. Through comprehensive training, employees will gain insights into their actions' environmental impacts and learn best practices for mitigating these impacts in their daily work activities.

Furthermore, training and awareness programs extend beyond our job sites to include suppliers involved in manufacturing the raw materials and components we purchase.

21. Monitoring and Measuring

In manufacturing companies, monitoring and measuring environmental performance involves several typical procedures:

- **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.
- **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 into production equipment and facilities.
- **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.
- **Regular Inspections:** Conduct environmental inspections on job sites to assess compliance with regulatory requirements and internal standards.

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

22. Continuous Improvement

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

- *Review and Evaluation:* The company should regularly review its environmental management practices, procedures, and performance metrics to assess our 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.
- *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.
- *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.
- *Change Implementation:* This is the implementation of changes and initiatives to improve environmental performance. This may involve updating procedures, investing in new technologies or equipment, providing additional employee training, or revising policies and practices to better align with environmental objectives.

- *Monitoring Progress:* After implementing changes, the company monitors 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.
- *Feedback and Communication:* Carbonfree 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.
- *Adaptation and Adjustment:* Based on our 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.

23. Review

This policy will be reviewed for relevant updates on an annual basis.

24. Related Policies

Carbonfree Waste Management Policy and Procedures.