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# **Company Overview**

Ducommun is a global provider of manufacturing, design and engineering services, delivering innovative, proprietary products and value-added solutions to customers in the aerospace, defense, and industrial markets. Founded in 1849, the Company has two reporting segments - Electronic Systems and Structural Systems - that produce complex products and components for commercial aircraft platforms, mission-critical military and space programs, and sophisticated industrial applications. Ducommun is committed to respecting, fostering, and advancing the interests of its stakeholders, including customers, suppliers, shareholders and the communities where we operate.

Below is a brief summary of Ducommun's operations between 2019 and 2022:



Revenue per Employee









# **Environmental Social Governance Highlights**

Ducommun Incorporated ("Ducommun," the "Company," "we" or "our") is proud to present this report to communicate to our stakeholders the key initiatives and continued development of our environmental, social and governance ("ESG") program since the publication of Ducommun's first ESG report covering its 2020 fiscal year. Below is a summary of our ESG highlights from 2022.



**Environmental** 



In 2022, Ducommun reduced its combined Scope 1 and 2 greenhouse gas emissions by 28% compared to the baseline year of 2019, **normalized to revenue.** 



2019 Baseline vs 2022 Total Energy Use (GigaJoules)

In 2022, Ducommun's total energy usage (combined electricity and natural gas) decreased by 13% compared to 2019 baseline levels, **normalized to revenue.** 



Three-Year Average (2019-2021) Baseline vs 2022

In 2022, Ducommun reduced its combined Scope 1 and 2



In 2022, Ducommun's total energy usage (combined electricity and natural gas) increased by 2% compared to 2019 baseline levels, **normalized to employee count.** 

#### GHG EMISSIONS Scope 1 and 2 Greenhouse Gas Emissions (tons of CO<sub>2</sub>e) vs Reductions % (Normalized to Employee Count)

#### HAZARDOUS WASTE RECYCLING

2022 Total Hazardous Waste Volume Disposed vs Volume Reclaimed Offsite and Reclaimed and Reused Onsite



In 2022, Ducommun generated a total of 8.6 million pounds of hazardous waste, of which 489 thousand pounds, or 6%, was recycled or reclaimed offsite, and 7.0 million pounds or 82% was reclaimed and reused onsite.

CHEMICAL RECYCLING 2022 Total Volume of Chemicals Recycled, Reused, and Reclaimed in lbs.



In 2022, Ducommun recycled, reused, and reclaimed a total of 5.8 million pounds of chemicals.

### Human Capital/Operational Safety



**RECORDABLE INCIDENTS** Total Recordable Incident Rate



Our Lost Time Incident Rate<sup>1</sup> decreased by 78% since 2019 and by 74% compared to 2021.

Ducommun's Total Recordable Incident Rate<sup>2</sup> improved by 71% since 2019 and by approximately 7% compared to 2021.

Annual lost time incident rate is calculated by dividing the total number of lost time injuries in a year by the total number of hours worked in a year.
 Total recordable incident rate is calculated by using the annual number of OSHA Recordable Cases multiplied by 200,000 and divided by total hours worked by all employees during the year. Note that the 200,000 figure in the formula represents the number of hours 100 employees working 40 hours per week, 50 weeks per year would work, and provides the standard base for calculating incidence rate for an entire year.



Our **First Aid reporting increased by approximately 32% since 2021.** Focusing our efforts on reporting first aid cases and investigations helps us identify mitigation measures to prevent the recurrence of potential recordable injuries.

## FIRST-AID INCIDENTS Number of First-Aid Cases Reported





Our **Near-Miss Incident reporting increased by 126% since 2021.** Focusing on near-miss reporting and corrective actions helps reduce the number of lost time and recordable cases.



We are very proud that half of our board is comprised of women and an individual from an underrepresented background. **Compared** to our proxy peer group<sup>3</sup>, our Board is comprised of a higher percentage of females and members from underrepresented background as depicted in the graph above.

<sup>&</sup>lt;sup>3</sup> Our proxy peer group for the 2022 fiscal year included: AAR Corp., Astronics Corporation, Barnes Group, Inc., CIRCOR International, Inc., Cubic Corporation, Heico Corporation, Hexcel Corporation, Kaman Corporation, Kratos Defense & Security Solutions, Inc., Mercury Systems, Inc., and RBC Bearings Incorporated.

# **Core Values and ESG Principles**

Our core values of honesty, professionalism, respect, trust, and teamwork drive everything we do at Ducommun. Accordingly, and in support of Ducommun's pledge to deliver exceptional value to all stakeholders, we are dedicated to supporting the following ESG principles:

- 1. We will work to establish and strive to meet meaningful goals and objectives in our pursuit of Environmental, Health and Safety excellence.
- We will endeavor to improve our Environmental Management System and work to assure that employee awareness and performance are priorities of our operational systems.
- **3.** We will endeavor to continue to support human capital programs to increase the diversity of and opportunities for, our workforce.
- We strive to avoid adverse impact and harm to the environment in the communities where we do business and to identify business partners who share these values.
- 5. We will work to create a culture of compliance with all applicable laws and regulations pertaining to the environment and natural resources.

# >ESG Governance

Ducommun's ESG initiatives are overseen by its Board, and specifically, its Corporate Governance and Nominating Committee (the "Governance Committee"), the members of which all meet the independence criteria of the New York Stock Exchange's ("NYSE") listing standards.

The Governance Committee reviews and provides input on key ESG metrics for the Company and its stakeholders. In 2020, based on management's recommendations, the Governance Committee approved the development of an ESG program substantially based on the Sustainability Accounting Standards Board's Aerospace and Defense Industry Standard (the "SASB Standard"), as modified, as being most reflective of, and relevant to, the Company's operations. The Governance Committee receives periodic updates relating to the progression and status of the development of the Company's ESG program and reports on the status of the Company' initiatives to the full Board. Our environmental policy goals are driven by our belief that environmental protection is an important consideration when setting our business practices and reducing operational risks for the long-term sustainability of our business. Accordingly, management is committed to environmental protection through leadership, investment, and engagement. As such, we strive to:

- Eliminate spills, releases, or other environmental incidents by implementing effective administrative and engineering controls, training our employees on proper material handling practices and promptly investigating and correcting non-conformances.
- 2. Partner with suppliers who share Ducommun's commitment to the environment and the prudent and safe use of natural resources.
- Work collaboratively with state, local, and federal environmental agencies to seek ways to reduce our environmental footprint and improve the sustainability of our operations.

In 2021, we established a corporate-level director position to lead Ducommun's ESG efforts and convened an ESG Steering Committee. The committee is comprised of senior executives to ensure that cross-functional leaders appropriately allocate resources and support ESG initiatives that are approved by the Governance Committee, and report on the progress of those initiatives to the Governance Committee, and in turn, to the Board. In furtherance of these principles, Ducommun has committed to preparing and updating this ESG Report ("Report") annually to provide a summary of its ESG initiatives, results, and review of risks associated with the long-term sustainability of the business, as well as mitigation measures implemented to address such risks. This Report addresses each element of Ducommun's ESG program in an effort to help stakeholders understand how these issues are currently managed and how the Company will strive to improve on identified metrics in the future. Unless otherwise stated, figures provided are as of December 31, 2022.

Ducommun's comprehensive ESG program can be most easily conceptualized in Figure 1 below, which includes a high-level summary of the program over the 2022 fiscal year reporting period:

#### Figure 1

### **Resource Conservation in Production**

## GHG Reductions (2019 Baseline vs 2022)

- > Ducommun reduced combined Scope 1 and 2 GHG emissions by 28% and 16%, normalized to revenue and employee count, respectively, compared to 2019 baseline levels.
- We reduced our total energy usage by 13% normalized to revenue, compared to 2019 baseline levels.

# GHG Reductions (2019-2021) Baseline vs 2022

- > Ducommun reduced combined Scope 1 and 2 GHG emissions by 20% and 8%, normalized to revenue and employee count, respectively, compared to a baseline average between 2019 and 2021.
- > We reduced our total energy usage by 9%, normalized to revenue, compared to baseline average between 2019 and 2021.

#### Energy Efficiency Projects

- Our use of renewable energy has increased by 15,900 Gigajoules (4.4M kWh) through partnerships with local utility providers and 80 Gigajoules (20K kWh) from the use of rooftop solar panels, compared to 2019.
- > We invested in installing variable frequency drives (VFD) on compressors and energy efficient burners on boilers to reduce energy consumption and costs.
- > We completed the installation of LED lighting at several additional performance centers. Ducommun now has seven performance centers that have completed this transition.

# Human Capital and Diversity Programs

## Health and Safety

- > We remain committed to prioritizing employee health, safety, and wellness and we took additional measures to insulate our employees from COVID-19.
- > Our lost time incident rate declined by 78% and our total recordable incident rate declined by 71%, between 2019 and 2022.

#### Leadership Diversity

- > Our Board now includes three female directors, with women constituting 37.5% of its members. Half of our Board is now comprised of women and a member from an underrepresented background.
- > Women represented 20% of the Company's executives (VP and above) and 30% of corporate director-level positions. Members of underrepresented backgrounds comprised 50% of the Company's executives and 20% of corporate director-level positions.

#### Awards and Recognition

 Orange County Business Journal named Ducommun to its list of Best Places to Work for the second consecutive year.

## **Community Support**

## **Company Donations**

> The Ducommun Foundation supports charitable organizations in the communities in which we operate and has made donations of more than \$1.7 million since 2019 to support social justice causes and underrepresented communities.

#### **Community Investment**

- > Our STEM on the Sidelines<sup>™</sup> program serves as a contest to promote STEM education in high schools in Los Angeles and Orange Counties, in which over 600 students have participated since the program's inception five years ago.
- > We launched the Ducommun Philanthropy Cloud companywide in the fourth quarter of 2022 to encourage employee support of the causes most important to them.

#### Scholarships

> We awarded 70 scholarships in 2022 to children and grandchildren of employees, an increase of 31% over 2021. The total value of scholarships awarded in 2022 was \$199,000, up from \$138,000 in 2021.

### **Ethics and Protection of Human Rights**

#### **Core Values**

> We continued to promote a culture of honesty, professionalism, respect, trust, and teamwork through our Company Core Values and Code of Business Conduct, supported by our ethics hotline, employee communications and training.

#### **Code of Conduct**

 All employees are trained on ethical decision-making skills in the context of Ducommun's Code of Conduct.

#### **Human Rights**

> Our Prohibition Against Trafficking in Persons Policy and California Transparency in Supply Chains Act disclosure statement continued to promote responsible sourcing practices.

## Materiality

This ESG report describes our progress on initiatives deemed to be critical to the long-term sustainability of our business based on feedback and engagement with key stakeholders including, customers, employees, and regulatory agencies. Accordingly, we prioritized some of the issues most commonly cited from those discussions for inclusion in this year's report, which include:

## Environmental

- > Climate Risk and Opportunities
- Greenhouse Gas Emission and Reductions
- Hazardous and Non-Hazardous
   Waste Generation and Recycling
- > Water Consumption & Recycling
- > Wastewater Discharge
- > Energy Usage
- > Regulatory Compliance

#### Social

- > Diversity, Equity & Inclusion
- > Investing in our Communities
- Human Capital: Investing in our Employees
- Organizational Development: Building Talent and Opportunity

#### Governance

- > Corporate Governance
- > Ethics and Compliance
- IT and Cybersecurity

## **Reporting Systems**

Ducommun is in the final stages of implementing utility management software that unites energy, water, and waste data across its enterprise into one platform. We anticipate this platform will help provide clearer audit-level data as well as additional transparency about our energy and natural resource consumption to both improve the effectiveness of our energy efficiency initiatives, and identify additional opportunities for improvement across our organization. The utility management software platform is also anticipated to help increase reporting efficiency and transform the way we identify and track resource conservation initiatives, particularly as we plan for future growth. We anticipate using this platform to further improve the enterprise-level management, and disclosure, of Scope 1, Scope 2, and Scope 3 emissions in the future.

#### **Environmental Performance**

Ducommun believes that operating sustainably and appropriately incorporating climate change factors into decision-making strengthens our organization over the long-term and makes good business sense. Working with our customers, supply chain partners and employees, we strive to continue to demonstrate improvement on a number of environmental metrics for the benefit of all stakeholders.

## Framework and Standards

We strive for transparency about our company's environmental impacts and our actions to minimize them. Accordingly, we seek to follow the disclosure topics and accounting metrics as established by the Sustainability Accounting Standards board ("SASB") and Task Force on Climate-Related Financial Disclosure ("TCFD"). In addition to the frameworks established by the SASB and TCFD, we strive to identify, measure and disclose the Company's current environmental impacts and our efforts to mitigate them. By way of example, in 2022,

#### **Environmental Management System**

Ducommun is committed to continuously improving its Environmental Management System ("EMS"). As part of our commitment to continuous improvement, we initiated a pilot program at our Coxsackie, New York performance center to obtain International Organization of Standardization ("ISO") 14001 certification, which we expect to complete in 2023. ISO 14001 is a globally recognized standard for environmental management systems. It specifies requirements for organizations to establish, implement, maintain, and continually improve an EMS, and to demonstrate commitment to environmental sustainability and compliance with environmental regulations. The certification is awarded to organizations that successfully implement an EMS that meets the requirements of the standard and undergo an independent audit by a certifying body. ISO 14001 provides a framework and criteria for implementing a best-practice we disclosed details of our environmental footprint and greenhouse gas reduction efforts to the Carbon Disclosure Project (CDP), a non-profit organization that supports a global environmental disclosure system for corporations, and state and municipal governments to measure and manage their risks and opportunities on climate change and environmental impacts. Moreover, our calculation of greenhouse gas (GHG) emissions followed the guidelines set forth in the GHG Protocol, covering both Scope 1 and Scope 2 emissions.

EMS, which we anticipate will help the Coxsackie performance center, and subsequently, the organization as a whole, improve its environmental performance, gain a competitive advantage, and earn the trust of stakeholders. Over time, we hope the implementation of a standardized management system will facilitate data driven decision making and, therefore, enhanced environmental performance. Additionally, ISO 14001 certification will facilitate the more efficient use of resources using a riskbased approach, which we anticipate will result in operational efficiencies. Finally, earning ISO 14001 certification should result in improving the transparency of our environmental program, thereby earning the trust of all stakeholders. Upon the conclusion of the pilot program, the lessons learned from the Coxsackie certification will be shared with our other performance centers as they also pursue ISO 14001 certification.

# >Identifying and Mitigating Climate-Related Risks

It is anticipated that global warming and climate change will increase risk and impact operations for all manufacturing facilities. Accordingly, Ducommun implemented a process to evaluate, identify, and control climate-related risks and opportunities, which are described further below. In 2020, we updated our Business Continuity Plans ("BCP"s) at each of our performance centers to implement processes to identify and manage physical climate change-related risks. The BCPs include methodologies to help prepare for, respond to, and recover from threats and risks to the sustainability of our operations posed by climate change.

Our Business Continuity Plans include the following processes and assessments for identifying and mitigating the impacts of climate-related risks on our operations:

- 1. Risk Assessment & Business Impact Analysis ("BIA"): Each performance center conducts a risk assessment and BIA for its individual location. A risk assessment is initially undertaken to identify potential natural disasters that could compromise the entire facility, building, or operations. The potential consequences of each type of natural disaster are then identified and appropriate mitigation measures are described. The risk assessments and BIAs encompass our production processes overall, as well as support functions such as procurement, engineering, maintenance, operations and environmental, health and safety ("EHS"). Risk assessments and BIA are reviewed annually by the Business Continuity Team ("BCT") at each location.
- Crisis Response Plan: The BCPs include communication and notification protocols for our local performance center and executive leadership teams in the event of a natural disaster.
- 3. Business Continuity and Response Plan: Each performance center reviews and updates the BIA and response plan on an annual basis. For example, our Midwest and New York facilities used the BIA to identify, assess, prepare for, and respond to tornado threats.
- 4. Annual Training and Exercise: All employees at our performance centers are required to be trained annually on BCP processes. In addition, tabletop exercises and drills are scheduled annually to assess the effectiveness of our Business Continuity Plans.

# **Climate Risk Assessment and Business Impact Analysis**

Our BCPs identified the following risks that could potentially impact our business along with concomitant mitigation measures, which are summarized in Figure 2 below:

Category	General Description	Business Impact	Mitigation
Physical Risks	Risks associated with natural disasters such as tornados, earthquakes, and floods.	Business interruption, supply chain and operations impacts, and employee disruptions.	Each BCP defines relevant threats, identifies response measures, and requires training on remedial actions.
Regulatory Risks	Risks associated with new climate-related regulatory requirements that will impact energy pricing, emission restrictions, and compliance costs.	Increased compliance and operational costs.	Continued implementation of energy efficiency projects to reduce our GHG emissions.
Market Risks	Risks associated with customers' expectations relating to value chain emissions reduction efforts, and competitive risks associated with third parties who come to market with products enabling our customers to reduce their carbon footprints.	Significant investment in technologies, new emerging renewable energy sources, and energy storage capabilities.	Long-term strategic planning, and roadmap development.

#### Figure 2

# **Environmental Compliance and Excellence**

As manufacturing facilities operating in a highly regulated environment, Ducommun's performance centers underwent a number of routine environmental regulatory inspections in 2022. We are proud to report that no environmental regulatory Notices of Violations ("NOVs") were found as a result of these inspections. We attribute this outcome to the commitment of our dedicated teams, and the strength of our environmental programs, including its policies, practices, and training protocols.

In 2022, three of our performance centers were recognized and awarded a certificate of recognition by regulatory agencies for exemplary performance in environmental compliance matters.

Our Parsons, Kansas performance center was awarded the 2022 Environmental Stewardship Award from the Kansas Department of Health and Environment ("KDHE"). This award is presented to businesses, industries, or organizations that invest in projects that exceed minimum regulatory requirements and significantly improve the protection of the environment. Our Parsons performance center focused on reducing the amount of hazardous waste generated at the facility and achieved more than a 60% reduction from 2019 baseline levels. The program's success was attributable to the Parsons performance center striving to minimize and monitor the amount of hazardous waste generated, thereby reducing our environmental impact.



# >Greenhouse Gas Emissions

Since publishing our initial ESG report for the 2020 fiscal year, we have continued to review and improve the scope and transparency of both our program and ESG disclosures. In accordance with GHG protocol recommendations, as our operations evolve or if GHG calculation methodologies change, our GHG baseline will be restated or reviewed accordingly.

Ducommun pivoted away from its initial baseline year of 2018 and instead, established two sets of baselines for this year's report to provide a more accurate measure of our emissions in light of disruptions caused by the COVID-19 pandemic. First, we compared 2022 emissions to 2019, and second, to a three-year average baseline covering the years 2019-2021. We selected 2019 because it is the most recent year reflective of production activity prior to the COVID-19 pandemic. In addition, we elected to compare our emissions to a three-year average baseline between 2019 and 2021 to provide a better understanding of our emissions during and immediately after recovery from the pandemic. Ducommun's Monrovia, California performance center was recently presented with a certificate of recognition from the Los Angeles County Sanitation Districts for being an outstanding corporate citizen. This designation is awarded to companies that meet their annual wastewater discharge limits, environmental monitoring equipment maintenance requirements and comply with all applicable permit requirements. It was the Monrovia performance center's third consecutive year earning this designation.



Ducommun's Lightning Diversion Systems performance center in Huntington Beach, California was nominated by the Orange County Sanitation District for recognition in its inaugural honor roll program. This designation is bestowed upon companies that meet their annual wastewater discharge limits, environmental monitoring equipment maintenance requirements, and comply with all applicable permit requirements.



In 2022, Ducommun is reporting both Scope 1 and Scope 2 greenhouse gas emissions compared to prior years. Scope 1 emissions are those that emanate directly from our on-site natural gas consumption, and on- and off-road vehicles. Scope 2 emissions are indirect and reflect energy sources procured from local utilities for our operations. As depicted in Table 1 of <u>Appendix 1 and Figure 3 below</u>, there was a 29% decrease in our combined Scope 1 and 2 greenhouse gas emissions in 2022 compared to 2019 baseline levels on absolute basis, a 15% decrease compared to the three-year baseline average between 2019 and 2021 on absolute basis. This trend demonstrates a reduction of 19% in Scope 1 emissions and 33% decrease in Scope 2 emissions in 2022 compared to 2019 baseline levels, and a 6% decrease in Scope 1 emissions and a 18% reduction in Scope 2 emissions compared to the three-year average baseline (2019-2021) on an absolute basis.

As noted above, Ducommun expanded its reporting of Scope 1 emissions to include both on- and off-road vehicle propane emissions in addition to natural gas consumption at our performance centers. Moreover, we included two additional facilities in our emissions calculations for our 2022 report, specifically, our re-opened Guaymas (March 2022), Mexico performance center, and the MagSeal performance center in Warren, Rhode Island, which we acquired in December 2021.

To effectively manage and address climate risks and reduce future greenhouse gas emissions, we based our program on four key pillars: energy efficiency, waste reduction, wastewater efficiency, and accurate, verifiable, and auditable ESG data. The first three pillars of our program are designed to not only reduce GHG emissions but also identify cost reduction opportunities to deliver long-term value to shareholders.

- Energy Efficiency Pillar: We will strive to continue to focus on implementing projects to lower our energy consumption, thereby reducing Scope 1 and Scope 2 emissions. Examples of initiatives under this pillar include implementing the use of LED lighting, working with utility providers to identify renewable sources of energy to power our operations, and investing in upgrades to existing equipment.
- 2. Waste Reduction: We will strive to build upon our success in reducing hazardous and non-hazardous waste generation by following a "circular economy concept."<sup>4</sup> Examples of projects implementing this concept include those that recapture and reuse materials to reduce the volume of hazardous and non-hazardous waste generated by our operations. Additionally, we anticipate that the implementation of a circular economy concept will reduce Scope 3 GHG emissions by reducing the miles travelled and fuel consumption of our third-party waste haulers.
- 3. Wastewater Efficiency: We will continue to explore opportunities to reduce our water consumption. Moreover, we consider it essential for our facilities that operate wastewater treatment systems to meet their wastewater discharge limits not only for compliance purposes, but to also enable Publicly-Owned Treatment Works ("POTW"s) to allow wastewater to be used as non-potable water for irrigation and cleaning purposes.

#### Figure 3



In 2022, Ducommun achieved a 29% (absolute value) decrease in our combined Scope 1 and 2 greenhouse gas emissions in 2022 compared to 2019 baseline levels.



Three-Year Average (2019-2021) Baseline vs 2022

In 2022, Ducommun achieved 15% (absolute value) decrease in Scope 1 and Scope 2 emissions compared to the three-year average baseline (2019-2021).

# Scope 1 and 2 GHG Emission

<sup>&</sup>lt;sup>4</sup> A circular economy keeps materials, products, and services in circulation for as long as possible. A circular economy reduces material use, redesigns materials, products, and services to be less resource-intensive, and recaptures "waste" as a resource to manufacture new materials and products. Source: https://www.epa.gov/recyclingstrategy/what-circular-economy.

# >Energy Management

We depend on energy to power our operations, and for the heating, cooling and lighting of our facilities. Our performance centers employ a wide variety of equipment ranging from conventional machining, such as computerized numerical control machining tools and mills, to more technologically advanced equipment such as high-powered laser cutters, industrial 3-D printers, and soldering and bonding machines. In addition, we use large presses (employing very high temperatures) on parts and dies for hot forming. Ovens and autoclaves are required for curing paints, bonding components and heat-treating metal parts. Moreover, our surface processing requires the heating and movement of large quantities of fluids and the extraction and cleaning of large volumes of air. In addition, we specialize in aerospace parts that require large gantry mills and presses that are several stories tall and apply thousands of tons of pressure.

For all of the foregoing reasons, energy efficiency is a fundamental component of our sustainability approach. We identify opportunities for energy reduction by deploying pilot energy efficiency improvements at select performance centers. Based on the success of the initiatives and energy reductions realized, the projects are then deployed to other performance centers. Energy audits also support our approach by allowing us to strategically understand and deploy pilot energy efficiency initiatives in the future. As depicted in Figure 4, Ducommun's total energy use since 2019 has decreased by 14% on an absolute basis due to a combination of factors, including the successful implementation of energy efficiency initiatives and investing in equipment upgrades. In 2022, we reduced our total energy consumption by 3% on an absolute basis compared to the three-year average between 2019 and 2022.

#### Figure 4



2019 Baseline vs 2022

# **Total Energy Use**

Three-Year Average (2019-2021) Baseline vs 2022 Total Energy Use (GigaJoules) Three-year average baseline vs 2022



# >Reducing Scope 1 and 2 Emissions - De-carbonizing Our Operations

In 2022, we continued to identify potential energy saving projects by establishing monthly energy efficiency meetings with facility managers and local environmental health and safety teams. Lessons learned and identified best practices are shared during such meetings to avoid common pitfalls and facilitate the completion and implementation of pilot projects. The following is a summary of projects that were implemented in 2022 across Ducommun's performance centers:

Performance Center(s)	Energy Efficiency Project(s) Type	Scope	GHG Impact (Reduction)⁵	Energy Impact
<ul> <li>&gt; Tulsa, Oklahoma</li> <li>&gt; Monrovia, California</li> </ul>	<ul> <li>Boiler replacement/ retrofit</li> </ul>	<ul> <li>Scope 1</li> </ul>	<ul> <li>60 metric tons or 0.8% of Scope 1 GHG emissions</li> </ul>	<ul> <li>Reduced overall natural gas usage by 11,000 therms or 1,160 Gigajoules of energy consumption</li> </ul>
<ul> <li>Coxsackie, New York</li> <li>Santa Clarita, California</li> <li>Monrovia, California</li> </ul>	<ul> <li>Air Compressors replacement and retrofit with VFD (Variable Frequency Drive)</li> </ul>	<ul> <li>Scope 2</li> </ul>	<ul> <li>120 metric tons or 0.5% of Scope 2 GHG emissions</li> </ul>	<ul> <li>Reduced overall energy consumption by 560,000 kWh</li> </ul>
<ul> <li>Coxsackie, New York</li> <li>Carson, California</li> <li>St. Croix Falls, Wisconsin</li> <li>Warren, Rhode Island</li> <li>Tulsa, Oklahoma</li> <li>Appleton, Wisconsin</li> <li>Joplin, Missouri</li> </ul>	<ul> <li>100% Completion of LED Lighting Installation</li> </ul>	> Scope 2	<ul> <li>960 metric tons or 5% of Scope 2 GHG emissions</li> </ul>	<ul> <li>Reduced overall energy consumption by 2.9M kWh</li> </ul>
<ul> <li>Monrovia, California</li> </ul>	<ul> <li>Battery Storage</li> <li>Project<sup>6</sup></li> </ul>	> Scope 2	<ul> <li>60 metric tons or</li> <li>0.3% of Scope 2 GHG emissions</li> </ul>	<ul> <li>System yielded savings of \$230,000</li> </ul>
<ul> <li>&gt; Joplin, Missouri</li> <li>&gt; Tulsa, Oklahoma</li> <li>&gt; Gardena, California</li> </ul>	<ul> <li>Automatic Lights Off Switches</li> </ul>	> Scope 2	<ul> <li>18 metric tons or</li> <li>0.1% of Scope 2 GHG emissions</li> </ul>	<ul> <li>Reduced overall energy consumption by 49,000 kWh</li> </ul>
<ul> <li>&gt; St. Croix Falls, Wisconsin</li> <li>&gt; Huntington Beach, California</li> <li>&gt; Gardena, California</li> <li>&gt; Carson, California</li> </ul>	<ul> <li>Increased use of renewable energy sources via utility providers partnerships</li> </ul>	<ul> <li>Scope 2</li> </ul>	<ul> <li>1050 metric tons or 6% of Scope 2 GHG emissions</li> </ul>	<ul> <li>Increased use of renewable sources by 4.4M kWh compared to previous year</li> </ul>

As depicted In Table 2 of <u>Appendix 1</u>, a comparison of our 2022 consumption versus the 2019-2021 baseline average demonstrates that our total energy usage decreased by 3% on an absolute basis, representing a decrease of 9% normalized for revenue. Table 2 also depicts our commitment to increase our dependence on renewable sources of energy, which increased by approximately 15,900 Gigajoules or 4.4M kWh

on an absolute basis<sup>7</sup>, respectively, compared to the three-year average between 2019 and 2021.

We strive to continue improving our performance relating to the metrics identified in Tables 1 of <u>Appendix 1</u> and plan to update future ESG reports to convey our progress on these initiatives.

<sup>&</sup>lt;sup>5</sup> Scope 2 GHG reductions in metric tons and percentage are calculated using total Scope 2 emission for 2022 as basis for reduction impact. Additionally, energy consumptions are estimated based on potential energy reductions from each specific energy efficiency project.

<sup>&</sup>lt;sup>6</sup> Net GHG emission reductions are determined by calculating the difference between energy derived from battery power compared to drawing energy directly from the grid.

<sup>&</sup>lt;sup>7</sup> Absolute basis is value or number change from comparing results from year over year or a set of baseline data.

# >Reportable Spills

Reportable spills<sup>8</sup> are defined by the SASB as any release of a hazardous substance in an amount equal to or greater than the reportable quantity as defined by 40 C.F.R. Part 302.4 and 302.6 (b)(1) of the U.S. Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA). Ducommun manufactures a significant variety of commercial, industrial, and aerospace products, and our performance centers are required to store and utilize a wide variety of chemicals, some in large quantities, during production. Accordingly, environmental stewardship and safety are key focus areas at Ducommun to both prevent harm to the environment and avoid employees from being exposed to such chemicals, by maintaining engineering and administrative controls to prevent the spill or release of regulated substances. In addition to utilizing engineering controls such as secondary and tertiary physical containment systems, administrative controls such as inspection and maintenance programs are also implemented and are certified annually by independent third parties. Moreover, we continue to transition from the use of underground storage tanks ("UST"s) to above ground storage tanks ("AST"s) so that the early detection of potential leaks and spills can be more easily identified and quickly mitigated.

As depicted in Figure 5 below, Ducommun had no reportable spills in 2022, as defined by the SASB Standard. Ducommun attributes this low number of spills to the training offered to and the diligence of its dedicated employees as well as its environmental health and safety procedures.

#### Figure 5

Reportable Spills	2019	2020	2021	2022
Number of Reportable Spills	1	1	0	0
Reportable Quantity Spilled (kg)	461	2,559	0	0
Quantity Recovered (kg)	0	0	0	0

# >Hazardous and Non-Hazardous Waste Reduction

Ducommun continues to put significant effort into managing its hazardous and non-hazardous waste generation to mitigate harm to the environment, finding ways to recycle, reuse, and prolong the service life of materials used in our processes. The waste streams generated by Ducommun on an enterprise-wide basis are a combination of byproducts from various operational processes, such as spent chemicals from process tanks, coating operations and surface preparations. By recycling and reusing such materials, we also reduce Scope 3 GHG emissions by decreasing the number of transportation miles driven by third-party waste haulers. We continuously strive to reduce the volume of and identify innovative ways to re-use or reclaim waste generated from our production processes to mitigate harm to the environment and improve operational efficiencies. Over the past year, Ducommun worked closely with third-party vendors to properly understand its waste profile and increase the volume of hazardous waste eligible for recycling or reclamation. In 2022, Ducommun generated a total of 8.6 million pounds of hazardous waste, of which 489 thousand pounds, or 6% was recycled or reclaimed offsite, and 7.0 million pounds, or 82% was reclaimed and reused onsite as depicted in Figure 6 below.

## Figure 6



## 2022 Total Hazardous Waste Volume Disposed vs Volume Reclaimed Offsite and Reclaimed and Reused Onsite

<sup>&</sup>lt;sup>8</sup> Reportable spills are defined by the SASB as any release of a hazardous substance in an amount equal to or greater than the reportable quantity as listed in Table 302.4 in Chapter 40 of the Code of Federal Regulations ("CFR") Part 302.4 of the U.S. Comprehensive Environmental Response, Compensation, and Liability Act, including consideration of reportable quantities of mixtures and solutions as defined under 40 CFR Part 302.6(b) (1).

# Reducing Hazardous and Non-Hazardous Waste via the Circular Economy Concept Aims to Reduce Scope 3 GHG emissions and Improve Operational Efficiencies

Ducommun continues to identify ways to eliminate waste via the circular economy concept and enable the recovery and reuse of materials used in production by using existing proprietary processes to mitigate harm to the environment and improve operational efficiencies. Implementing the concept of a circular economy facilitates the identification of opportunities to reuse and recycle materials used in industrial processes. We endeavor to reduce the amount of hazardous and nonhazardous waste by-products generated from our operations to support the protection of the environment and communities in which we operate because we recognize that minimizing such waste streams is not only good for the environment but is also a good business practice that can help reduce costs and increase value to shareholders. Ducommun's efforts and practices to reduce the waste generation, and concomitantly, Scope 3 emissions in 2022 included the following:

Performance Center(s)	Energy Efficiency Project(s) Type	Scope <sup>9</sup>	GHG Impact (Reduction)	Environmental Impact
<ul> <li>Coxsackie, New York</li> <li>Carson, California</li> <li>Monrovia, California</li> </ul>	<ul> <li>Diversion of empty chemical containers from hazardous waste landfills</li> </ul>	<ul> <li>Scope 3</li> </ul>	<ul> <li>2 metric tons or 1.5% of Scope 3 GHG emissions</li> </ul>	<ul> <li>Reduced the volume of waste sent to hazardous waste landfills by 1.1 metric tons</li> </ul>
<ul> <li>Tulsa, Oklahoma</li> </ul>	<ul> <li>Elimination of CFC propellant-based aerosol cleaners</li> </ul>	<ul> <li>Scope 3</li> </ul>	<ul> <li>1 metric ton or 1% of Scope 3 GHG emissions</li> </ul>	<ul> <li>Reduced the volume of hazardous waste sent to landfills by 0.47 metric tons</li> </ul>
<ul> <li>&gt; Huntsville, Arkansas</li> <li>&gt; Carson, California</li> <li>&gt; Gardena, California</li> </ul>	<ul> <li>Onsite evaporators for non-hazardous waste</li> </ul>	<ul> <li>Scope 3</li> </ul>	<ul> <li>5 metric tons or 4% of Scope 3 GHG emissions</li> </ul>	<ul> <li>Reduced the volume of hazardous waste shipped by 1,315 metric tons</li> </ul>
<ul> <li>Huntsville, Arkansas</li> </ul>	<ul> <li>On-site reclamation of spent solvent</li> </ul>	> Scope 3	<ul> <li>1 metric ton or 1% of Scope 3 GHG emissions</li> </ul>	<ul> <li>Recycled and re- used 2 metric tons of hazardous materials</li> </ul>
> Warren, Rhode Island	<ul> <li>On-site reclamation of spent lubricant</li> </ul>	> Scope 3	<ul> <li>1.5 metric tons or 1% of Scope 3 GHG emissions</li> </ul>	<ul> <li>Recycled and re-used 4.5 metric tons of hazardous materials</li> </ul>
<ul> <li>Orange, California</li> </ul>	<ul> <li>Off-site reclamation of used carrier solvent</li> </ul>	> Scope 3	<ul> <li>2 metric tons or 1% of Scope 3 GHG emissions</li> </ul>	<ul> <li>Recycled and re-used 8.2 metric tons of hazardous waste</li> </ul>
<ul> <li>Orange, California</li> </ul>	<ul> <li>On-site reclamation of spent etchant</li> <li>On-site reclamation of aluminum trihydrate compounds</li> </ul>	> Scope 3	<ul> <li>62 metric tons or 8% of Scope 3 GHG emissions</li> </ul>	<ul> <li>Recycled and re-used 1,542 metric tons of hazardous waste</li> <li>Recycled and re-used 161 metric tons of hazardous waste</li> </ul>
<ul> <li>&gt; Parsons, Kansas</li> <li>&gt; Monrovia, California</li> <li>&gt; Gardena, California</li> <li>&gt; Orange, California</li> </ul>	<ul> <li>Process changes to extend the life of process chemicals</li> </ul>	> Scope 3	<ul> <li>3.5 metric tons or 3% of Scope 3 GHG emissions</li> </ul>	<ul> <li>Recycled and re-used 885 metric tons of hazardous materials</li> </ul>

<sup>&</sup>lt;sup>9</sup> Scope 3 emissions are the result of activities from assets not owned or controlled by the reporting organization, but that the organization indirectly affects in its value chain. For the purpose of this report, **Scope 3 GHG emissions are calculated using current EPA guidelines and emission factors** on third party waste haulers transportation. All values are estimated based on current third party haulers miles driven.

# >Water Conservation Systems

Ducommun strives to protect and conserve our water resources by responsibly managing consumption across our performance centers and implementing water-recycling initiatives where possible. As we have continued to identify and implement new initiatives that support production in a sustainable manner, we began including water consumption as a key performance metric in 2022. Quantifying and tracking our water consumption will allow us to better focus on identifying future reduction opportunities.

In 2022, Ducommun used 42.7 million gallons of water of which 1.6 million gallons were produced from onsite water wells. As depicted in Figure 7 below, we reduced our demand by 17.9 million gallons of fresh water due to our conservation initiatives.



#### Figure 7

The following are specific examples of our recent water consumption management initiatives:

	Performance Center(s)	Water Recycling Project(s) Type		Scope		GHG Impact (Reduction)		Water Recycling Impact
>	Santa Clarita, California	<ul> <li>Closed loop water recycling system</li> </ul>	>	N/A	>	N/A	>	Reduced overall water demand by 50,000 gallons of fresh water per day
>		<ul> <li>Closed loop reverse osmosis/de-ionization water recycling systems for tank processes</li> </ul>	>	N/A	>	N/A	>	Coxsackie, New York reduced overall water demand by over 2 million gallons of fresh water annually
							>	Huntsville, Arkansas reduced overall water demand by over 8 million gallons of fresh water annually
>	Appleton, Wisconsin	<ul> <li>Rinse water recycling system</li> </ul>	>	N/A	>	N/A	>	Reduced overall water demand by 176,000 gallons of fresh water annually
>	Orange, California	<ul> <li>Chillers, boilers, and compressors for condensate recycling</li> </ul>	>	N/A	>	N/A	>	Reduced overall water demand by 168,000 gallons of fresh water
>	California Performance Centers	<ul> <li>Landscaping watering reductions and planting of drought resistant plants</li> </ul>	>	N/A	>	N/A	>	Reduced overall water demand by 367,000 gallons of fresh water

# >Waste Diversion

Ducommun continues to apply the circular economy concept to waste recycling, diversion, and recovery as part of its ongoing commitment to sustainability and environmental stewardship. Since reusing, recycling, and prolonging the service life of materials are critical elements of a circular economy concept, in the future, we endeavor to continue seeking solutions and improvements in our processes to preserve and maintain the value of spent resources for re-use. To that end, metals from production waste streams, cardboard from packaging, consumed toners from printers and paper waste were all part of an enterprise-wide recycling initiative in 2022.

# Reducing Landfill Waste via Recycling and Reducing Scope 3 GHG Emissions

The highlights of our recycling initiatives in 2022 and corresponding reductions in Scope 3 GHG emissions are summarized below.

	Performance Center(s)		Waste Diversion Project(s) Type		Scope <sup>10</sup>		GHG Impact (Reduction)	W	aste Recycling Impact
>	All Performance Centers	>	Cardboard Recycling	>	Scope 3	>	2 metric tons or 1% of Scope 3 GHG emissions	>	Recycled 184,000 pounds of cardboard
>	All Performance Centers	>	Scrap Metal Recycling	>	N/A	>	N/A	>	Recycled 885,000 pounds of scrap metals
>	All Performance Centers	>	Toner Recycling	>	Scope 3	>	1 metric ton or 0.5% of Scope 3 GHG emissions	>	Recycled 250 pounds of toners
>	<ul> <li>Appleton, Wisconsin</li> <li>Parsons, Kansas</li> </ul>	>	Elimination of single- serve plastics and Styrofoam from on-site cafeterias and breakrooms	>	N/A	>	N/A	>	Eliminated use of 150,000 pieces of single serve utensils and Styrofoam cups
>	Huntington Beach, California	>	100% recycling of cardboard, plastics, and copper sheets	>	Scope 3	>	2.5 metric tons or 1% of Scope 3 GHG emissions	>	Reduced overall landfill impact by 6 metric tons
>	Santa Clarita, California	>	Recycling Excess Plastics	>	Scope 3	>	1.5 tons or 1% of Scope 3 GHG emissions	>	Recycled 25,000 pounds of excess plastics

# >Investment in Low Carbon and Sustainable Opportunities

Ducommun continues to invest in products to help develop and expand renewable sources of energy within its industry. As previously, reported, Ducommun's Lightning Diversion Systems ("LDS") business designs and manufactures segmented lightning diverter strips and protection devices for aerospace, defense and industrial markets. Since 2020, LDS has been in an exclusive licensing relationship with Wichita State University ("WSU") for advanced lightning strike protection technology to be used on wind turbines. The intent of the partnership with WSU is to further develop and commercialize the technology, originally developed at WSU's National Institute for Aviation Research, and offer it to wind turbine manufacturers and operators who require more robust, cost-efficient lightning strike protection to further develop this renewable energy source. As of 2022, field trials are still in progress.

<sup>&</sup>lt;sup>o</sup> Scope 3 emissions are the result of activities from assets not owned or controlled by the reporting organization, but that the organization indirectly affects in its value chain. For the purpose of this report, Scope 3 GHG emissions are calculated using current EPA guidelines and emission factors on third party waste haulers transportation. All values are estimated based on current third party haulers miles driven.

# >Supporting Key Customers in Fuel Efficiency Improvements

Ducommun recognizes that a majority of our customers have set ambitious greenhouse gas emission reduction goals for fuel efficiency in the design and manufacturing of aerospace products. As a supplier to major aerospace companies, **Ducommun is committed to meeting the evolving needs** of our customers through the leadership of our highperformance engineering and manufacturing teams, customer relationships, and participation in industry associations. We are working closely with our customers to innovate improvements in product design with a focus on reducing drag and overall weight to improve the fuel efficiency of an aircraft. The following examples illustrate our collaboration with customers to design and manufacture parts in order to meet evolving aerospace industry fuel efficiency requirements.

 At our Guaymas, Mexico performance center, we design and manufacture VersaCore Composite<sup>™</sup> parts for the engine transcowl and aircraft control surfaces. The lightweight composite material helps our customers improve fuel efficiency by reducing the overall weight of an aircraft.

# >Human Capital and Diversity

# **Diversity, Equity & Inclusion**

Ducommun's approach to diversity, equity and inclusion, is integrated throughout the organization and is representative in how we conduct business. We strive to instill fairness and equity across our employment practices and processes and continue to drive an inclusive culture across Ducommun. Our focus on continuous improvement for the organization extends beyond manufacturing and operations. Continuous improvement is a part of our culture, across all business functions, including the areas of Human Capital, Human Rights, Organizational Development and, foremost, Diversity, Equity, and Inclusion.

## **Diversity in Hiring**

Ducommun continues to focus on diversity and inclusion by providing opportunities for underrepresented groups through its hiring and promotion practices.

Despite the on-going challenges in the labor market, many of our performance center locations had a very active year focused on hiring and recruiting. The employment practices at Ducommun and our employment philosophy focuses on eliminating barriers and ensuring everyone has equal and fair opportunities for employment. Ducommun has an active outreach program to ensure individuals from

- At our Santa Clarita, California performance center, we design solutions to replace aluminum parts with lightweight plastic components that reduce the weight of, and correspondingly, improve the fuel efficiency of aircraft into which such parts are incorporated.
- At our El Mirage, California performance center, hollow fan blades are chemically milled to reduce weight, improving the efficiency of the rotating components of an engine.
- **4.** At our Parsons, Kansas performance center, parts for aircraft fuselages, air and oil ducts, and engine components are chemically milled to help reduce overall aircraft weight, thereby improving fuel efficiency.
- Our Joplin, Missouri performance center produces wiring harnesses for natural gas turbines that assist with detecting temperature variations, thereby affecting, and improving fuel efficiency.
- At our Gardena, and Orange, California performance centers, aircraft aluminum skins are chemically milled to reduce the overall weight of the aircraft and improve fuel efficiency.

Our focus on these priorities can be seen through the value we place on our employees' well-being; embracing our differences and encouraging the sharing of ideas and unique perspectives; promoting innovation, creativity, collaboration, and inclusion; and supporting the development, growth, and advancement of individual contributors. This approach extends not only within the internal organizational resources that exist but also externally throughout our communities. Every day is an opportunity to improve our focus in these areas and be better than we were the day before.

underrepresented groups have access to job opportunities within the organization. We are always seeking new ways to partner with third parties that support the employment of females, underrepresented populations, individuals with disabilities and protected veterans. In 2022, 37% of our new hires self-identified as female, 34% identified with groups from underrepresented background, 3% identified as being an individual with a disability and 7% identified as a protected veteran.

# **Diversity in Leadership**

Similarly, it is important that we maintain a diverse and inclusive leadership team in order to meet the needs of our evolving workforce. Over the past year, 33% of our total promotions into leadership roles were earned by underrepresented employees, constituting a year-over-year increase of 10%. Additionally, 28% of our total promotions into leadership roles were earned by women. The total percentage of women and underrepresented employee in leadership positions at the Company as of December 31, 2022, is set forth in <u>Figure 8</u><sup>n</sup> below:

#### Figure 8

		% Underrepresented background		% Women		
Level	2021	2022	2021	2022		
Vice President and Above	33%	50%	17%	20%		
Corporate Directors	29%	20%	27%	30%		
Managers	26%	21%	32%	35%		
Supervisors	22%	26%	36%	26%		

# >Investing in our Communities

Ducommun is committed to being an active member of the local communities in which it operates by contributing financial resources and encouraging employees to volunteer with the non-profit and community-based organizations they care most about.

## The Ducommun Foundation

In 2019, the Company founded the Ducommun Foundation, which is a Section 501(c)(3) organization and operates as the philanthropic arm of Ducommun to address various community and humanitarian needs. The Ducommun Foundation is dedicated to financially supporting local, regional, and national non-profit and charitable organizations that make a difference in the communities in which we operate.

Since 2019, The Ducommun Foundation has donated more than \$1.7 million to assist organizations that support veterans, active service members and military families, and engage in efforts to end homelessness in local communities. Donations were provided to organizations such as Hire Heroes USA, Fisher House Foundation, U.S. Veterans Initiative, and Wounded Warriors Family Support. The Ducommun Foundation also contributed to the World Central Kitchen, UNICEF USA, as well as other humanitarian causes.

Additionally, The Ducommun Foundation supported the Orange County, United Way's "A Place to Call Home" initiative, which represents a powerful collaboration between Orange County's top business, philanthropic, governmental, faithbased and non-profit leaders. The initiative's goal is to collectively assist working families struggling to make ends meet, which is one of the fastest-growing segments of the homeless population.

## **Ducommun Philanthropy Cloud**

In 2021, Ducommun implemented the Philanthropy Cloud platform created by Salesforce.org and the United Way, which connects employees with the causes they care most about and drives support for non-profit organizations through employee giving and volunteering.

Ducommun's Philanthropy Cloud helps the Company tailor future giving goals and offers volunteer opportunities to

employees; helping make a meaningful impact to the causes they choose to support. The platform was introduced in 2021 as a pilot project and fully launched company-wide at the end of 2022. Since the launch of this program, total employee contributions have reached almost \$12,000, including approximately 160 employee volunteer hours logged. In 2023, Ducommun intends to launch a more targeted campaign to generate broader interest and awareness of this program.

<sup>11</sup> Data is based on active employee headcount as of December 31, for each calendar year.

## Local and National Community Involvement

**Ducommun Partners with Orange County United Way:** In October 2022, Ducommun partnered with the Orange County United Way to paint six murals at Paularino Elementary School in Costa Mesa, California. In addition to completing this important beautification project, Ducommun presented Paularino's principal, Annalisa Schwartz, with a donation to further support the school and its students (see Figure 9).

#### Figure 9



Paularino Elementary School, Beautification Project; Orange County United Way-Ducommun Partnership October 2022

Other support provided to the Orange County United Way in 2022 included Ducommun's representation at the 2022 Rally for Change, where Ducommun was recognized as a Champion Sponsor and valued partner of the Orange County United Way (see Figure 10). In addition, participation from the corporate office in Santa Ana, California for the Orange County United Way's Annual School Supply Drive helped the United Way deliver over 2,000 school supply backpacks and kits to schools in the local Orange County community (see Figure 11).

Figure 10



Orange County United Way "Rally for Change" 2022

#### Figure 11



Orange County United Way "Annual School Supply Drive" 2022

**The American Rocketry Challenge:** Ducommun Incorporated is a proud sponsor of The American Rocketry Challenge, the world's largest student rocketry competition, with 724 teams from 41 states participating in the 2022 event. The National Championship was awarded to Newport High School Team 2 of Bellevue, WA in May 2022 (see Figure 12). This team represented the United States at the International Rocketry Challenge which took place at the Farnborough Airshow outside London in July 2022. Team Japan won top honors in the international competition. The winning team from Japan "marked the first-ever, first-place finish for an all-female team since the competition began in 2015"<sup>12</sup>. To date, the American Rocketry Challenge has inspired more than 85,000 middle and high school students to explore education and careers in STEM fields.

#### Figure 12



National Rocketry Challenge Newport High School, Team 2, Bellevue, WA 2022 National Champions

<sup>12</sup> Raytheon Technologies News, 8/16/2022

**Partnership with Local Humane Society:** Many of our performance centers support local Humane Society events. In 2022, our Berryville, Arkansas performance center volunteered every Saturday in February at the Good Shepherd Humane Society, a local animal shelter sponsored by the community. Volunteers performed a variety of tasks including walking dogs, organizing the storage area, repairing broken kennels and building new kennels. In addition, the Joplin, Missouri performance center partnered, for the 3<sup>rd</sup> consecutive year, with the Joplin Humane Center to sponsor a pet adoption day. In 2022, they were able to secure forty (40) pet adoptions.

**Community Food and Toy Drives:** Most performance centers also participate in annual food and toy drives. For example, in 2022, the Tulsa, Oklahoma performance center held an annual food drive resulting in a generous amount of over 500 pounds of food donated to the Eastern Oklahoma Food Bank. Employees from the Joplin, Missouri performance center dropped off hundreds of toys to the local TV station (KSN/KODE studio) in support of the annual Joplin Area Fire Fighters "Christmas For Kids" campaign (see Figure 13). Both food and toy drive efforts support our local communities in meeting the needs of families and homeless populations.

#### Figure 13



"Christmas For Kids" Toy Drive; Partnership with Joplin Area Fire Fighters, KSN/KODE Studio 2022

### STEM on the Sidelines<sup>™</sup> Program

As a leader in the aerospace and defense industry, Ducommun continues to support community-based science, technology, engineering and math ("STEM") programs and initiatives that nurture and develop the next generation of innovators, thinkers, and technicians. In partnership with the Los Angeles Chargers of the National Football League and the University of California, Irvine, Ducommun established and sponsors STEM on the Sidelines<sup>™</sup>, a regional competition promoting STEM education in Los Angeles and Orange County, California high schools. In 2022, a total of 14 teams from 11 schools participated in the event.

The fifth annual contest was held on December 10<sup>th</sup> 2022, with the winning teams being honored before the Los Angeles Chargers game on December 18<sup>th</sup>, 2022 at So-Fi Stadium (see Figure 14). In total, over 600 students have benefited from their involvement in STEM on the Sidelines<sup>™</sup> since 2018.



#### Figure 14



Image Source: Ty Nowell / Los Angeles Chargers, "Competition Day", 2022; Image Source: Mackenzie Hudson / Los Angeles Chargers, "Competition Day", 2022

# >Investing in our Employees

## **Employee Health and Wellness**

Employee well-being has always been a top priority at Ducommun. Our commitment to the health and wellness of our employees over the past year was demonstrated by holding annual health fairs to promote preventive care, offering biometric screenings, providing annual flu shot programs, and continuing to implement COVID-19 prevention measures and protocols as described further below.

**COVID Update:** In 2022, Ducommun witnessed a dramatic decrease in reported COVID-19 cases, dropping from 10% across the workforce in January 2022 to less than 1% by year-end. Ducommun continued to employ best practice safety measures relating to the prevention of COVID-19. Our safety protocols included:

- Ensuring social distancing was practiced at all our facilities by implementing workstation dividers, flex staffing, and staggering lunch breaks and work shifts.
- Providing face coverings, gloves, and other personal protective equipment at no cost to employees.
- Providing sanitation stations with hand sanitizers and cleaning wipes throughout our facilities.
- Continuing third-party visitor screening prior to entry.
- Providing regular employee communications with up-to-date information to help mitigate the spread of the virus and educate employees and their families on safety practices.
- Offering monetary incentives to encourage employees to become fully vaccinated (see Figure 15).
- Performing deep cleanings of facilities on a regular basis.
- Implementing upgraded, hands-free alternatives for items such as, bathroom sinks, toilets, lighting, and doors.

# Promotion of Health & Wellness:

Ducommun continuously seeks opportunities to promote healthy lifestyles. The Appleton, Wisconsin performance center added a ½-mile walking loop, the "Ducommun Nature Trail," adjacent to the facility, which provides a safe and scenic area for employees to utilize (see Figure 16). The trail includes benches and birdhouses with more improvements planned for the future.

# **Operational Health and Safety**

Figure 15



COVID-19 Booster Vaccination Clinic, Berryville, Arkansas Performance Center, January 2022

#### Figure 16



Appleton, Wisconsin Performance Center | "Ducommun Nature Trail" | September 2022

As discussed above, Ducommun places a premium on the safety of its employees, both in terms of overall well-being and in the context of our operations. We are committed to continuously improving our programs by identifying opportunities to measure and evaluate key performance indicators ("KPI"s) relating to environmental, health and safety ("EHS") issues across the enterprise. Ducommun's operational health and safety initiatives in 2022 included the following:

 An expansion of EHS KPIs communicated to senior management on a quarterly basis, which included both lagging and leading indicators. The measurement of leading indicators was expanded to include first aid cases and near miss incidents to ensure the timely completion of corrective actions identified as a result of routine internal compliance inspections and investigations. Ducommun focused on including the tracking of first aid and near-miss incidents across all of its performance centers by mandating the reporting of such hazards for identification purposes before they result in recordable injuries or illnesses. The inclusion of these additional metrics into our EHS program led to a 7% reduction in recordable incidents and 74% reduction in lost time injuries in 2022 compared to 2021. Looking forward, we strive to continue to develop our approach to expanding the monitoring and measurement of EHS lagging and leading indicators to identify further opportunities to improve safety outcomes.

- Ducommun improved its safety program in 2022 by implementing an enterprise-wide EHS software system to assist the EHS team and local safety committees in tracking the completion of open corrective action items and inspections, and identifying opportunities to improve site-level safety.
- 3. Ducommun developed safety risk assessments with an enhanced focus on identifying high-risk activities that can be mitigated through administrative controls, such as Lock-Out/Tag-Out, Machine Guarding, and Confined Space policies. Focusing on such high-risk tasks facilitates the identification of potential compliance gaps and help prevent future safety incidents.
- 4. We continued efforts to issue Company-wide safety alerts, which drives the prevention of future injuries through awareness and education, the sharing of best practices, and facilitating changes in processes to mitigate safety risks.
- 5. In 2022, Ducommun instituted a data-driven safety campaign to target and eliminate recurrences of safety incidents based on information from our quarterly leading and lagging indicators. Safety campaigns are designed to enable operations leaders and line supervisors to proactively engage employees on safety

risks and mitigation measures. To ensure the undivided attention of all participating employees and emphasize the importance of such issues, all operations are temporarily suspended during safety campaigns.

Ducommun tracks the number of lost time incidents and total recordable incidents incurred by our employees as a measure of the effectiveness of our health and safety programs. The Lost Time Incident Rate is defined as incidents that resulted in days away from work and is similar to the days away, restricted or transferred metric utilized by OSHA. In 2022, our Lost Time Incident Rate<sup>13</sup> was 0.08 a decrease of 78% compared to the baseline year of 2019, or 74% compared to 2021. In addition, our 2022 Total Recordable Incident Rate<sup>14</sup> was 0.69, a decrease of 71% compared to the baseline year of 2019, or 7% compared to the prior year. Moreover, and as previously discussed, Ducommun began tracking the number of first aid and near misses in 2022 to prevent accidents before they occur and to help reinforce our safety-first culture. As a result, 104 near-miss incidents were recorded in 2022, a rise of 126% from the previous year and 96 first aid cases were reported, an increase of approximately 32% compared to 2021. An increase in reporting allows us to address concerns before they result in a recordable or lost time incident. Our performance against these metrics is depicted in Figure 17 below.

#### Figure 17



## Lagging Indicators of Safety





 <sup>&</sup>lt;sup>13</sup> Annual lost time incident rate is calculated by dividing the total number of lost time injuries in a year by the total number of hours worked in a year.
 <sup>14</sup> Total recordable incident rate is calculated by using the annual number of OSHA Recordable Cases multiplied by 200,000 and divided by total hours worked by all employees during the year. Note that the 200,000 figure in the formula represents the number of hours 100 employees working 40 hours per week, 50 weeks per year would work, and provides the standard base for calculating incidence rate for an entire year.

## Leading Indicators of Safety

20

0

Figure 18

Ducommun

ENGINEERS

WEEK 2022

# NEAR MISS INCIDENTS Number of Near-Miss Incidents Reported 120 104 100 80 60 46 40 20 0 2021 2022

# Number of First-Aid Cases Reported 120 96 100 80 73 60 40

2021

FIRST-AID INCIDENTS

## **Employee Engagement**

**3<sup>rd</sup> Annual Engineers Week:** In 2022, we celebrated our 3<sup>rd</sup> annual Engineers Week event. We dedicate this week to recognizing and appreciating our engineers and technicians by incorporating company-wide innovation and emerging technologies competitions. The weeks' events also included fun interactive STEM activities such as egg drop competitions, bridge design competitions and pinewood derby races. We also utilize this week to extend outreach to local STEM organizations at the high school and college levels to promote an interest in the engineering profession as well as a specialized focus on promoting women in engineering. These outreach efforts have allowed our performance centers to develop valuable relationships with local

organizations that continue well beyond the one-week celebration. Special congratulations goes to our St. Croix Falls, Wisconsin performance center for its achievement in winning the 2022 Excellence in Innovation Award competition (see Figure 18). The winning project focused on a closed loop linkless technology initiative.

2<sup>nd</sup> Annual National Manufacturing Day Event: Also, each year, we host an annual Manufacturing Day event specifically focused on connecting with high school or middle school students to foster an excitement for careers in manufacturing. This is part of our community outreach effort to educate young individuals on opportunities that exist beyond high school; especially for students who may not have an interest in secondary education. The event consists of facility tours and hands-on learning activities to showcase the type of work we do while also educating students on process flow and problem-solving techniques. In addition to these activities, we take the opportunity for Ducommun employees to present their success stories of career advancement from the start of their career in an entry-level position to their promotion into technical and management level opportunities (see Figure 19).

#### Figure 19



2022 National Manufacturing Day Appleton, Wisconsin Performance Center, Employee Success Stories October 2022

# INNOVATE 2022 Innovation Award Winner, St. Croix Falls, Wisconsin

Nobles Worldwide February 2022

**BUILD. INSPIRE** 

2022



**Employee Appreciation Events:** Every performance center within Ducommun drives employee engagement, fun, and appreciation through numerous celebrations and events throughout the year. Such events include Employee Appreciation Days, celebratory luncheons for hard work and achievement of operational goals and employee milestone, birthday and retirement celebrations, holiday celebrations and even other fun, creative events. One such event is  $\pi$  Day held on March 14 each year at our Joplin, Missouri performance center where every employee receives their own individual small dessert pie. Another great example of employee appreciation is the Carson, California performance center's annual Cinco de Mayo celebration which includes homemade salsa competitions and even a Live Mariachi Band (see Figure 20).

#### Figure 20



Cinco de Mayo Employee Appreciation Luncheon Carson, California Performance Center May 2022

#### **Employee Stock Ownership Program and Retirement Benefits**

Since 2019, Ducommun has offered employees the opportunity to participate in the Company's Employee Stock Purchase Plan ("ESPP"). The ESPP provides employees with the opportunity to share in Ducommun's success and continued growth through the purchase of shares of the Company's stock. The plan allows eligible employees to accumulate contributions through after- tax payroll deductions to purchase shares of

#### **Employee Tuition Assistance Program**

Ducommun offers a tuition assistance program to encourage employees to continue their formal education. The program provides financial assistance for completing courses that align directly with an employee's assigned job function or that will help prepare them for future advancement within the Company. Full-time employees are eligible to participate

#### **Ducommun Scholarship Program**

The Ducommun Scholarship Program is an exclusive benefit for the children and grandchildren of full-time Ducommun employees attending a four-year college or university, or a two-year accredited technical or vocational college. Students are awarded scholarships based on an evaluation of their academic record, demonstrated leadership, participation in school and community activities, honors, work experience, and goals and aspirations. Based on these factors, Ducommun Scholars are selected by an independent scholarship firm that administers the application and review process. In 2022, Ducommun awarded a record 70 scholarships, to grow the program, with a 32% increase in participation since its inception. In addition, our 401(k) program has a 91% participation rate among eligible employees, with annual training and educational sessions held at each Ducommun performance center.

Ducommun stock at a 15% discount. In 2022, we continued

in this program following the completion of their new hire introductory period. In 2022, Ducommun issued tuition reimbursement payments totaling more than \$25,000 to employees in various functional departments, including engineering, accounting, quality, sales, supply chain, and logistics.

including 35 new awards and 35 renewed scholarships an increase from the 48 scholarships awarded in 2021 and 25 in 2020. The total value of the scholarship awards in 2022 was \$199,000, up 44% from \$138,000 awarded in 2021. Students may renew their scholarship awards for each academic year, allowing them to work toward a two- or four-year degree. This enhancement to the program was adopted based on an awareness that some students would begin, but not always complete their studies, which Ducommun was determined to change. Figure 21 below depicts our investment in this program over the past four years.

#### Figure 21





### Awards and Recognition

For the second consecutive year, Ducommun was named to the 2022 list of "Best Places to Work" in Orange County by the Orange County Business Journal (OCBJ) and Workforce Research Group, further solidifying our position as an employer of choice in the community. This program recognizes outstanding places of employment in our community and acknowledges the Company's leadership and best people practices. Recipients were assessed based on each company's demographics, policies and practices, and feedback from the independent employee experience survey conducted by the Workforce Research Group in April of 2022.



# >Organizational Development: Building Talent and Opportunity

At Ducommun, we recognize our employees as our most valuable resource. The talent and skills of our employees allow us to drive innovation and solutions across the organization in support of our customers and their needs. As part of our ongoing focus on organizational development, Ducommun continues to enhance our employee systems and resources. In 2022, in support of our recruitment strategy for attracting and retaining top talent, several significant resources were added to our electronic employee talent and development platform, "Launchpad." These enhancements allow us to continue to improve the effectiveness and efficiency in the processes that impact the interaction and engagement of employees as well as all aspects of the employment experience with Ducommun across the full employee life cycle.

### **Recruitment and Onboarding**

In further alignment with the organization's continuous improvement philosophy, in 2022, the area of recruitment underwent significant change and realignment to improve processes, resources and staff. These strategic initiatives have resulted in increased support for performance center improvements in standardization of processes and available new and robust branding and marketing material to support recruiting initiatives; and, also, a renewed focus on driving a company-wide recruitment strategy. These changes will significantly impact our ability to respond at a faster pace to staffing needs allowing us to meet customer demands as well as improve our ability to drive outreach efforts and partnerships with local high schools, colleges, and community organizations. One example of the recruiting and outreach efforts includes the participation of our Coxsackie, New York performance center at the Dr. King Career Fair in April of each year in Albany, New York sponsored by the New York State Department of Labor with a goal of connecting individuals with job opportunities (see Figure 22).

#### Figure 22



Dr. King Career Fair Coxsackie, New York Performance Center April 2022

In 2022, many of our performance centers initiated improved processes relating to the new hire experience, including enhancements to skills training programs offered within the first few weeks of employment. Our goal is to set employees up for success by ensuring a strong training foundation is provided from day one. Time spent early on educating, training and developing skills for new hires translates directly

## **Talent Development**

One system enhancement of Launchpad included the upgrade of e-learning content and development tools. We significantly improved employee development resources by refreshing our e-learning content, which now provides a higher quality training experience, increased quantity of training topics, and also training resources to support career development, compliance and certification preparation.

In addition, we now have the capabilities to implement a more robust and structured development plan process, that will be instrumental for individual development objectives and

## **Performance Management**

Within our human capital and performance management systems, talent and performance reviews are vital to increasing our capabilities, productivity, and efficiency across every facet of the organization. Robust performance management processes support our philosophy of ongoing coaching and feedback as well as encourages employee engagement and collaboration within all levels of the organization.

To that end, in 2022, we implemented new performance management tools to support new hire and annual performance appraisal review processes. These review processes incorporate

# >Corporate Governance Programs

Ducommun is a publicly held company that trades on the NYSE under the ticker symbol "DCO." The Board, which serves as the Company's highest governing body, is actively engaged in the Company's corporate governance matters. The Board provides oversight and is regularly apprised of matters into the quality and value of our products and solutions provided to our customers.

In addition, we have continued to improve the applicant to employee experience throughout the application process as well as the new hire electronic onboarding experience within the Launchpad electronic platform.

a focused approach to minimizing skill and leadership gaps across the organization.

In 2022, we began piloting a formal internal leadership coaching initiative to focus on individual leadership development through extensive one-on-one coaching engagements. We have seen success in the program and will look for opportunities to expand this program in the future.

We are excited about the utilization of these new resources in support of our ongoing focus for driving a high performance and continuous learning culture.

self-appraisals and multi-rater feedback components, which are important in driving a fair and equitable performance review experience for our employees.

As part of the performance system implementation, we completed a refresh of our core competencies to ensure alignment with our core values, annual key focus areas, and employee and leadership expectations. All of these enhanced resources and processes are a part of our focused effort to drive organizational effectiveness, process efficiency, and talent development.

discussed in this Report. In addition, the Board allocates its risk oversight obligations between four committees, including the Audit Committee, the Governance Committee, the Compensation Committee, and the Innovation Committee.

## IT and Cybersecurity

As a manufacturer operating in a highly sensitive industry, we consider the protection of our customers', suppliers', and employees' confidential information as critical. Accordingly, Ducommun strives to incorporate security as a consideration into all elements of its operations, while seeking to continuously improve its security posture in these key areas:

- Risk Reduction Using established industry standard frameworks to mitigate our risk exposure and reduce the likelihood of catastrophic failures that can result in the loss of data or revenue, and severely impact business operations.
- Securing the Enterprise Using a multi-layered IT infrastructure to identify, protect, detect, respond, and recover from directed attacks from cybercriminals and adversarial nation-state actors.

 Product Security - Enabling products produced by Ducommun to be manufactured with the appropriate security controls.

# **Protecting Digital Assets**

To mitigate risk to its digital assets, Ducommun utilizes best in class cyberdefense solutions to safeguard the enterprise against cyberattacks. In 2022, these defenses resulted in:

- Rejecting more than 13.5 million nefarious firewall connection attempts per month across 17 locations in 3 countries;
- 2. Analyzing 250 million web requests per month, blocking an average of 100 million requests that are determined to pose a threat to the organization;
- Inspecting over 600,000 emails per month for malicious content and phishing attempts and rejecting approximately 300,000 unwanted/unsafe inbound emails during the same time period;

- **4.** Privacy Striving to comply with applicable privacy laws and regulations to secure personally identifiable information collected for business purposes.
- Monitoring data across our sites against threats, protecting over 200 million digital assets via our data security solutions;
- **5.** Training the entire workforce and third-party contractors on issues relating to security awareness, including phishing, vishing and smishing attacks; and
- **6.** Protecting our enterprise systems via our 24x7x365 detection/response threat hunting team.

We have adopted a comprehensive set of policies and procedures to provide for effective corporate governance and establish ethical standards and practices throughout our Company. <u>Table 3</u> below summarizes our Board-level charter documents and other corporate governance documents.

#### Table 3

Board Committee Charters							
Audit Committee Charter	Compensation Committee Charter	Corporate Governance and Nominating Committee Charter	Innovation Committee Charter				
	Corporate Gove	rnance Documents					
Code of Business Conduct and Ethics	Code of Ethics for Senior Financial Officers	Procedures for Complaints About Auditing and Accounting Matters	Corporate Governance Guidelines				

As previously noted, in 2021, Ducommun launched an ESG Strategic Steering Committee, consisting of executive and functional leaders throughout the Company that meets on a quarterly basis. Executive sponsors include our Chief Executive Officer, Chief Financial Officer, General Counsel, Chief Human Resources Officer, Senior Vice President of Operations, and senior leaders of our Supply Chain,

## **Ethics and Protection of Human Rights**

Ducommun understands the importance of building trust with our investors, customers, vendors and suppliers, and that the foundation for doing so begins with our employees. To establish this trust and demonstrate our commitment, the Company relies on an anonymous hotline to support its Code of Business Conduct and Ethics to empower employees to provide suggestions and report concerns or instances of misconduct. Honesty and trust are foundational core values at Ducommun, and in keeping with these values, we offer employees regular ethics training and monthly bulletins to promote a culture of high ethical standards and integrity where employees are free to voice any concern. Information Technology, and ESG and EHS functions. The primary mission of the steering committee is to ensure alignment among the Company's various functional groups on achieving ESG objectives, track progress on previously approved initiatives and ensure adequate resources are allocated for such programs.

The Company is also committed to respecting human rights and establishing high levels of ethical conduct throughout its supply chain. In support of the United States Government's policy prohibiting trafficking in persons, Ducommun implemented policies and procedures designed to comply with Executive Order 13627 "Strengthening Protections Against Trafficking in Persons in Federal Contracts" and Title XVII of the National Defense Authorization Act for Fiscal Year 2013. As such, we expect our employees and suppliers to refrain from engaging in the use of forced, bonded or indentured labor, involuntary prison labor and slavery, and refrain from procuring commercial sex acts or engaging in the trafficking of persons. Moreover, in accordance with the California Transparency in Supply Chains Act of 2010, which requires retailers and manufacturers doing business in California to disclose efforts to eradicate slavery and human trafficking from their direct supply chain, Ducommun has implemented policies expecting its employees and suppliers to take appropriate steps to mitigate the risk of such behaviors from occurring in its supply chain. These requirements are flowed down to our suppliers pursuant to our general terms and conditions of purchase.

# **Board Diversity**

Ducommun's recently revised Corporate Governance Guidelines reflect the Board's belief that a blend of different perspectives contributes to the quality of the Board's oversight, and is an essential component of effective governance. We therefore are committed to assuring that the Board's diversity is reflected not just in the variety of the directors' professional backgrounds and experiences, but also in the perspectives represented by directors with different personal characteristics, particularly gender, race, cultural heritage, and age. We are very proud that half of our board is comprised of women and an individual from an underrepresented background.

# **About This Report**

We have published this ESG Report to provide an overview of Ducommun's operations related to ESG. This includes both quantitative and qualitative information and contains comparisons of 2022 results to 2019, as well as selected years within this period. This ESG Report is for the calendar and fiscal year ending December 31, 2022. Unless otherwise noted, the scope of this ESG Report is limited to Ducommun's performance centers in the United States where we have managerial control of day-to-day operational activities. Ducommun strives to continuously improve its ESG program by adhering to standards and reporting frameworks such as the SASB standard and TCFD. We intend to continue to report on our progress annually.

# >Forward Looking Statements and Related Cautionary Notes

This ESG Report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934 and the Private Securities Litigation Reform Act of 1995. Forwardlooking statements may be preceded by, followed by or include the words "could," "may," "believe," "expect," "anticipate," "plan," "estimate," "aim," "strive" or similar expressions. These statements are based on the beliefs and assumptions of our management relating to our environmental, social and governance initiatives and program, and may be based on standards for measuring progress (including standards for the measurement of underlying data) that are still developing, on internal controls that are evolving, and on assumptions or third-party information that are subject to change in the future. For example, our disclosures based on any standards may change due to revisions in framework requirements, availability of information, changes in our business or applicable governmental policies, or other factors, some of which may be beyond our control. Generally, forward-looking statements include information concerning our possible or assumed future actions, events, or results of operations. Forward-looking statements in this ESG Report address the Company's goals, targets, aspirations, or expectations regarding sustainability, environmental matters, corporate responsibility, and our employees, policies, business opportunities and risks.

These forward-looking statements are subject to numerous factors, risks, and uncertainties that could cause actual outcomes and results to be materially different from those projected. Forward-looking statements are aspirational and not guarantees of future results, performance or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. Information included in, and any issues identified as material for purposes of, this ESG Report may not be considered material for Securities and Exchange Commission ("SEC") reporting purposes. Within the context of this ESG Report, the term "material" is distinct from, and should not be confused with, such term as defined for SEC reporting purposes. All written and oral

forward-looking statements made in connection with this ESG Report that are attributable to us or persons acting on our behalf are expressly qualified in their entirety by "Risk Factors" contained within Part I, Item 1A of our Annual Report on Form 10-K and our subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed with the SEC, and other cautionary statements included herein. Additionally, with respect to our ESG targets, goals, and commitments outlined in this ESG Report and elsewhere, there are additional risks associated with, among other things, socio-demographic and economic trends; energy and fuel prices and availability; technological innovations; climate-related conditions and weather events; legislative and regulatory changes; our ability to gather and verify relevant information, including data regarding environmental impacts, and the challenges, assumptions, and other methodological considerations associated with such information; our ability to successfully implement various initiatives throughout the company under expected time frames and at expected levels of cost and complexity; the compliance of various third parties with our policies and procedures and legal requirements; our dependency on certain third parties to perform; and other unforeseen events or conditions. We may also rely on thirdparty information in certain of our disclosures, which involves certain important risks. For example, third-party information may change over time as methodologies and data availability and quality continue to evolve. These factors, as well as any inaccuracies in the third-party information we use, including in our estimates or assumptions, may cause results to differ materially, and adversely, from estimates and beliefs made by us or third parties, including regarding our ability to achieve our goals. While we are not aware of any materials flaws with the information we have used, except to the extent disclosed, we have not undertaken to independently verify this information or the assumptions or other methodological aspects underlying such information. These factors are not necessarily all of the important factors that could cause actual results to differ materiality, and adversely, from those expressed in any of our forward-looking statements. Other factors could also have material adverse effects on our future results, including factors that are unknown to us.

We urge you to consider all of the risks, uncertainties, and factors identified above or discussed in such reports carefully in evaluating the forward-looking statements in this ESG Report. We cannot assure you that the results reflected or implied by any forward-looking statement, including any goals or targets, will be realized or, even if substantially realized, that those results will have the forecasted or expected consequences and effects. The forward-looking statements in this ESG Report are made as of the date of this ESG Report unless otherwise indicated, and we undertake no obligation to update these forward-looking statements to reflect subsequent events or circumstances.

Website references and hyperlinks throughout this document are provided for convenience only, and the content therein is not incorporated by, nor does it form a part of, this ESG Report.

# Appendices

# >Appendix 1

### Table 1: 2019 Baseline<sup>1</sup>

Combined Ducommun Incorporated US Performance centers	2019	2020	2021	2022	Percent Change	Normalized by Employee Count	Normalized by Revenue
Greenhouse Gas Emissions² (tons CO <sub>2</sub> e)²							
Scope 1: Direct Emissions from Natural Gas	9,048	7,396	6,996	7,357	-19%	-3%	-18%
Scope 2: Indirect Emissions from Electricity Use	29,009	23,073	19,198	19,560	-33%	-20%	-32%
Total: Scope 1 and 2	38,057	30,469	26,194	26,917	-29%	-16%	-28%
Energy Management <sup>3</sup> (Gigajoules)							
Total Electricity	232,453	201,319	194,252	209,416	-10%	7%	-9%
Renewable Electricity <sup>4</sup>	122	153	148	16,038	N/A	N/A	N/A
Percent Renewable Electricity <sup>5</sup> (%)	0.05%	0.07%	0.07%	7.6%	N/A	N/A	N/A
Natural Gas, Propane, and Fuel	163,643	133,774	126,101	131,664	-20%	-4%	-19%
Total Energy Use	396,096	335,093	320,253	341,080	-14%	2%	-13%
Reportable Spills⁴							
Number of Reportable Spills	1	1	0	0	-100%	-100%	-100%
Quantity Spilled (kg)	461	2,559	0	0	N/A	N/A	N/A
Quantity Recovered (kg)	0	0	0	0	N/A	N/A	N/A
Activity Ratio⁵							
Number of Employees	2,872	2,457	2,477	2,415	-16%	N/A	N/A
Revenue (\$000s)	721,100	628,900	645,400	713,000	N/A	N/A	N/A

#### Table 2: Three-year average baseline (2019-2021) Comparison to 2022

Combined Ducommun Incorporated US Performance centers	2019-2021 (Average)	2022	Percent Change	Normalized by Employee Count	Normalized by Revenue
Greenhouse Gas Emissions <sup>1</sup> (tons CO <sub>2</sub> e)					
Scope 1: Direct Emissions from Natural Gas	7,813	7,357	-6%	1%	-12%
Scope 2: Indirect Emissions from Electricity Use	23,760	19,560	-18%	-11%	-23%
Total: Scope 1 and 2	31,573	26,917	-15%	-8%	-20%
Energy Management² (Gigajoules)					
Total Electricity	209,341	209,416	-	8%	-7%
Renewable Electricity <sup>3</sup>	141	16,038	N/A	N/A	N/A
Percent Renewable Electricity <sup>3</sup> (%)	0.06%	7.6%	N/A	N/A	N/A
Natural Gas, Propane, and Fuel	141,173	131,664	-7%	-	-13%
Total Energy Use	350,514	341,080	-3%	5%	-9%
Reportable Spills⁴					
Number of Reportable Spills	1	0	100%	100%	100%
Quantity Spilled (kg)	1,007	0			
Quantity Recovered (kg)	0	0			
Activity Ratio⁵					
Number of Employees	2,602	2,415	-7%	N/A	N/A
Revenue (\$000s)	665,129	713,000	N/A	N/A	N/A

1) Fuel and propane use is reported for FY22 but will not be reported retrospectively. Guaymas performance center data use is reported for FY22 but will not be reported retrospectively. The baseline year was updated from 2018 to 2019 and added the three-year average (2019-2021) comparison.

2) Carbon dioxide equivalent ("CO<sub>2</sub>e") emissions are calculated based on US Environmental Protection Agency ("EPA") Emission Factors for Greenhouse Gas Inventories using the location-based method. Calculations are based on EPA emission factors released in the corresponding year. 2019 calculations were based on emission factors released in 2018.

3) Energy usage was estimated for selected locations due to a time delay in the receipt of November and December 2022 electricity consumption data (for the Carson, Gardena, NY, Tulsa, Joplin, Guaymas, Warren, El Mirage, and Orange performance centers) and natural gas data (for the Berryville, Carson, NY, Huntsville, St. Croix Falls, Guaymas, Warren, Huntington Beach, and Parsons performance centers). Electricity was estimated based on an average of the prior three months of data. Natural gas was estimated based on prior year's data.

4) Per SASB Framework (Code RT-AE-130a.1), renewables were included only if produced onsite or procured through a special agreement with the applicable utility. For reporting purposes, renewable electricity refers to onsite generation and energy procured through special agreement with utility providers.

5) Reportable Spills from the SASB Framework (Code RT-AE-150a.2).

6) Annual number of employees derived from Proxy Statements corresponding to 2019-2022 for normalizing data under the SASB Framework (Code RT-AE-000.B).

# >Appendix 2

# Sasb Framework Index

Accounting Metric	Code	Ducommun Disclosure(s) location
Energy Management		
Total energy consumed (Gigajoules)	RT-AE-130a.1	Appendix 1: Table 1 and Table 2 Pages 34-35
Percentage grid electricity (%)	RT-AE-130a.1	Appendix 1: Table 1 and Table 2 Pages 34-35
Percentage renewable electricity (%)	RT-AE-130a.1	Appendix 1: Table 1 and Table 2 Pages 34-35
Hazardous Waste Management		
Amount of hazardous waste generated	RT-AE-150a.1	Hazardous and Non-Hazardous Waste Pages 16-17
Percentage of hazardous waste recycled	RT-AE-150a.1	Hazardous and Non-Hazardous Waste Pages 16-17
Number and aggregate quantity of reportable spills	RT-AE-150a.2	Reportable Spills Page 16
Quantity recovered from reportable spills	RT-AE-150a.2	Reportable Spills Page 16
Data Security		
Description of approach to identifying and addressing data security risks in company operations and products	RT-AE-230a.1	IT & Cybersecurity Section Pages 29-30
Number of data security breaches, and (2) percentage involving confidential information	RT-AE-2301.2	IT & Cybersecurity Section Pages 29-30
Fuel Economy and Emissions in Use-Phase		
Description of approach and discussion of strategy to address fuel economy and Greenhouse Gas (GHG) emissions of products	RT-AE-410a.2	Supporting Key Customers in Fuel Efficiency Improvements Pages 20
Material Sourcing		
Description of the management of risks associated with the use of critical materials	RT-AE-440a.1	
Business Ethics		
Discussion of processes to manage business ethics risks throughout the value chain	RT-AE-510a.3	Corporate Governance Section Page 30-31
Activity Metric		
Production by reportable segment	RT-AE-000.A	
Number of employees	RT-AE-000.B	Appendix 1: Table 1 and Table 2 Pages 34-35

# >Appendix 4

# Task Force On Climate-Related Financial Disclosures Framework Index

DISCLOSURE	TCFD RECOMMENDED DISCLOSURES	SUSTAINABILITY REPORT SECTION(S)	ADDITIONAL RESOURCES
	Describe the Board's oversight of climate- related risks and opportunities	ESG Governance Page 7	CDP Climate Report <sup>1</sup> C1.1
GOVERNANCE	Describe management's role in assessing and managing climate-related risks and opportunities	ESG Governance Page 7	CDP Climate Report <sup>1</sup> C1.2
STRATEGY	Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term		CDP Climate Report <sup>1</sup> C2.3a, C2.4
	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning	Identifying and Mitigating Climate-Related Risks Page 11	CDP Climate Report <sup>1</sup> C2.3a, C2.4a
	Describe the potential impact of different scenarios, including a 1.5°C scenario, on the organization's businesses, strategy and financial planning		CDP Climate Report¹ C2.3a, C2.4a, C3
RISK MANAGEMENT	Describe the organization's process for identifying and assessing climate-related risks	Climate Risk Assessment and Business Impact Analysis Page 11	
	Describe the organization's processes for managing climate-related risks	Climate Risk Assessment and Business Impact Analysis Page 11	
	Describe how processes for identifying, assessing and managing climate- related risks are integrated into the organization's overall risk management	Climate Risk Assessment and Business Impact Analysis Page 11	
METRICS & TARGETS	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk-management process		
	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks	Appendix (Table 1 and Table 2) Pages 34-35	CDP Climate Report <sup>1</sup> C5.1, C6.1, C6.2
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets		

<sup>&</sup>lt;sup>1.</sup> Ducommun started disclosing GHG emission via CDP. Our most recent response is available via CDP website in accordance with the CDP reporting schedule.

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200 Sandpointe Avenue, Suite 700 | Santa Ana, CA 92707-5759 **Ducommun.com**