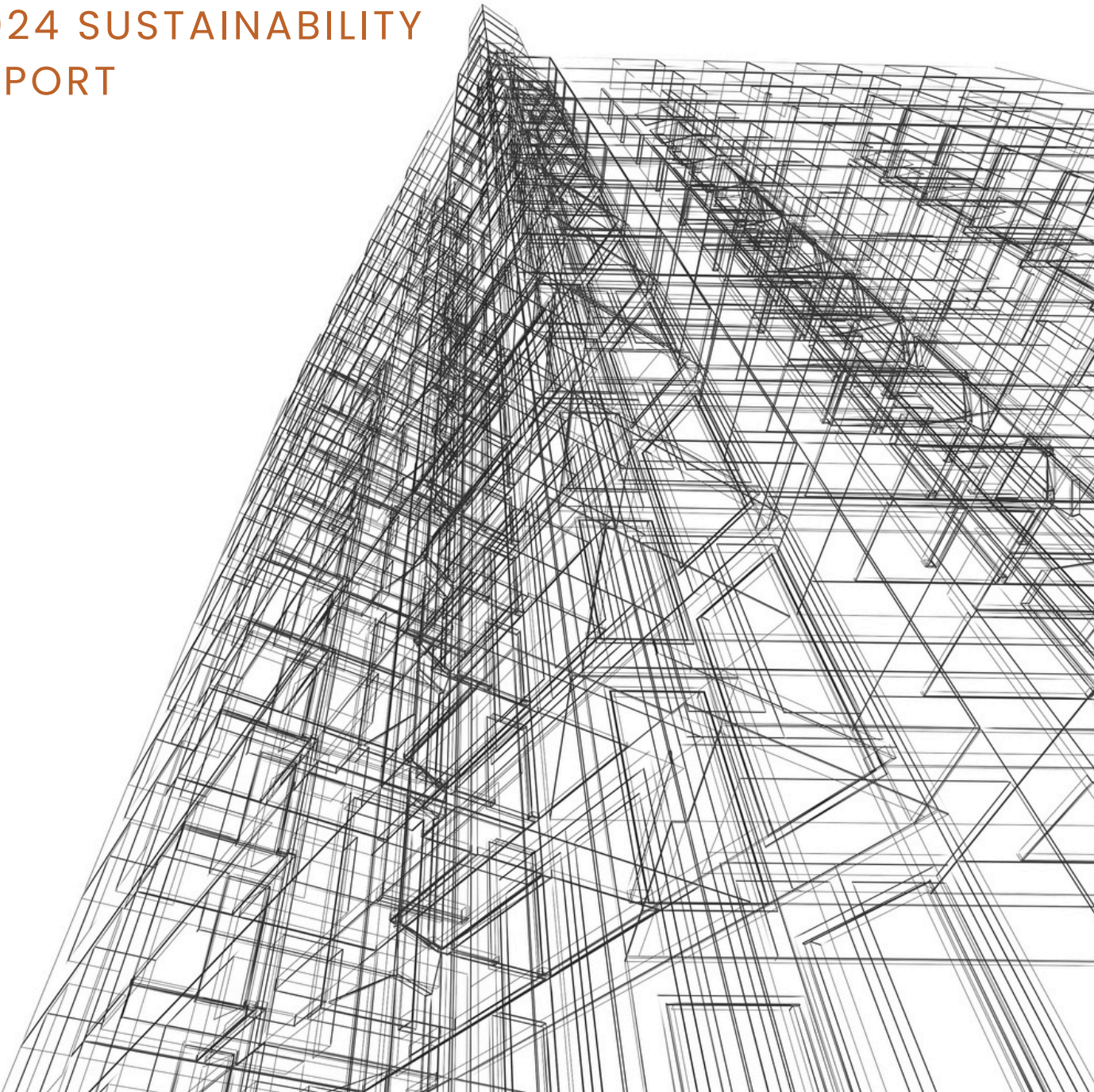


ARCO

INNOVATIONS

**THE
RESPONSIBLE
CHOICE**

2024 SUSTAINABILITY
REPORT



2024 SUSTAINABILITY REPORT



HANDY
DISTRIBUTION

SENTIGUARD
METAL ROOFING SYSTEMS

MACH
SOLUTIONS

RAM

A NOTE FROM OUR LEADERSHIP

ROSANA CHAIDEZ, PRESIDENT & CEO

ARCO Innovations, the umbrella company for Handy Distribution, RAM Fabrication, Sentrigard, and MACH Solutions, is celebrating its 133rd year with a steadfast commitment to environmental stewardship and a holistic approach to sustainability. Each brand plays a vital role in advancing ARCO's mission of responsible growth and environmental excellence.

Handy Distribution focuses on sustainable sourcing and efficient logistics, reducing packaging waste and supporting local communities through mindful distribution practices. RAM Fabrication brings innovation to metalwork, with energy-saving facility upgrades like motion-sensor lighting and narrow warehouse layouts that minimize energy use and waste. Sentrigard, our architectural metal roofing brand, emphasizes green building solutions by offering energy-efficient metal roofing products that align with the circular economy and ecosystem health goals. MACH Solutions, our global HVAC and roofing fabricating machinery brand, partners with responsible manufacturers worldwide to provide eco-friendly, efficient production technologies.

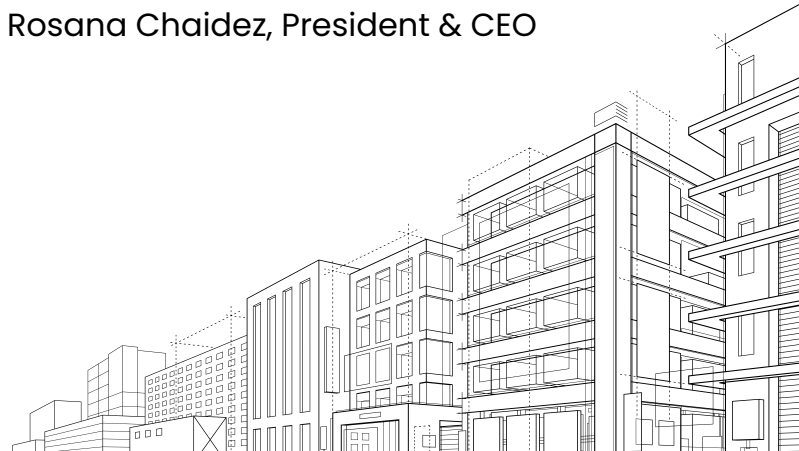
Through these brands, ARCO Innovations extends its sustainability practices into every facet of our operations—from pollution prevention to reducing our carbon footprint and promoting social health and equity. Together, we're creating a sustainable future that benefits the environment, our communities, and our valued employees. Thank you for partnering with ARCO Innovations and our brands in this journey toward a greener, more sustainable future.



Sincerely,

A handwritten signature in black ink that reads "Rosana Chaidez".

Rosana Chaidez, President & CEO



2024 SUSTAINABILITY REPORT

CIRCULAR ECONOMY

At ARCO Innovations, we're committed to extending the lifecycle of the materials, equipment, and products we bring to market. Through sharing, reusing, repairing, refurbishing, and recycling, we maximize resource efficiency and minimize waste, ensuring that products and equipment remain in use for as long as possible. This approach not only conserves valuable resources but also supports a sustainable, circular economy.

REDUCE

We have made great strides towards reducing packaging both for sustainability and efficiency purposes. In addition, we continue to select packaging source material that is made from recycled content but without jeopardizing the product quality and deliverability that customers expect. We are working to eliminate certain packing components, and are exploring systems for recycling packaging in the near future.

RECYCLE

Our metal products are largely made of post-industrial and post-consumer content and are themselves wholly recyclable. This reduces the demand for virgin materials, extends material use and thus reduces overall waste. Scrap metal from metal processing is recycled locally throughout the mid-atlantic and southeast. We recycle an average of 450,000 pounds of steel and aluminum annually.

REUSE

Our Machinery Division, MACH Solutions has become one of the largest dealers in North America specializing in sheet metal equipment and tools. We buy used machinery and rebuild them to almost new condition, extending equipment lifecycles and keeping useful machinery out of landfills.



**OVER 450K TONS
OF STEEL RECYCLED
EVERY YEAR**



2024 SUSTAINABILITY REPORT

CIRCULAR ECONOMY

*"WHEN WE SEE THE WORLD AS A GIFT FROM GOD,
WE WILL DO OUR BEST TO TAKE CARE OF IT AND
USE IT WISELY, INSTEAD OF POISONING OR
DESTROYING IT."*

-BILLY GRAHAM



ENVIRONMENTAL CONSIDERATIONS

ARCO Innovations works to enhance operational efficiency while reducing its environmental footprint. To this end, the management team has implemented several environmentally focused improvements in our operations:

- Reducing fuel consumption by conducting route analysis and optimization enhances efficiency which contributes to a decrease in carbon emissions.
- Adopting a narrow aisle configuration reduces the physical footprint of the operation and allows for more efficient use of available space.
- Introducing electric forklifts eliminates our dependency on fossil fuels and reduces air pollution.
- Implementing outdoor fabric structures provide a sustainable alternative to traditional brick-and-mortar buildings, thereby minimizing the need for standard building resources. Additionally, these modular structures are recyclable at the end of their lifetime.



SUPPLIERS THAT CARE

The importance our suppliers demonstrate by their sustainability efforts is part of our decision-making when conducting business with these entities. We have proudly partnered with the following companies who share our concern for responsible manufacturing:

- Johns Manville manufactures and markets products that use recycled content, improve indoor air quality, and contribute to sustainable design.
- Ductmate offers an entire "Green Product" line. Their purchasing department was trained on how to find the most eco-friendly, responsibly sourced products and services for all our company needs. Additionally, all cardboard and shrink wrap waste will now be diverted from landfills, baled, and sold to local commodity buyers.
- Duro Dyne has been researching new solutions that address the changing needs of customers in our evolving industry. It is evident throughout our product line that Duro Dyne acknowledges the importance of conserving resources. Whether the product uses recycled materials or is designed to minimize duct leakage, Duro Dyne has many products designed with the environment in mind.
- Royal Metals makes responsible investments to enhance the recovery of ferrous and nonferrous metals. It also recycles other valuable materials while meeting customer quality needs, minimizing impact, and reducing its environmental footprint.

CLIMATE HEALTH

Our ongoing commitment to sustainability has resulted in continuous process improvements designed to reduce time and waste. We also see our buildings, and even our on-site equipment service, as opportunities for positive climate impacts.

ENERGY EFFICIENT EQUIPMENT

We continue to invest in energy-efficient machinery to save on energy consumption, reduce greenhouse gas emissions, reduce energy costs, and mitigate our climate change impact. ARCO Innovations has intentionally invested in operational equipment that meets optimal energy efficiency standards for our buildings:

- Our HVAC equipment includes brands such as Allied Commercial and Concord® which are energy efficient and in compliance with SEER2, HSPF2, and EER2 standards.
- Samsung HVAC Systems are energy efficient and also reduce F-gas emissions. Samsung as a whole uses planet-friendly packaging and has initiated a take back program for old systems. The company complies with the WEEE Directive and is UL, CE, Eurovent, and AHRI certified.
- Lastly, we are a proud partner of Thermostat Recycling Corporation, which has collected more than 2.7 million thermostats containing mercury since 1998.

ON-SITE EQUIPMENT BENEFITS

Onsite metal panel forming, using our mobile equipment, reduces fuel consumption costs and emissions. Forming panels onsite eliminates packaging entirely and provides the flexibility to fabricate panels in remote areas. Onsite roll forming and the elimination of over-the-road shipping of packaging materials means that waste is kept out of landfills and fewer natural resources are consumed in manufacturing the packaging materials.



2024 SUSTAINABILITY REPORT

SOCIAL HEALTH & EQUITY

Handy Distribution is committed to supporting our community through both service and donation, and seeks ways to empower our employees to make a positive impact in our community.

Here's a look at some of our recent community focused efforts:

ENERGY EFFICIENT EQUIPMENT

Handy Distribution partnered with Habitat for Humanity Greater Lynchburg to provide a roof for the future home of a deserving local family. We raised more than \$5,000 and many of our employees and customers volunteered time and resources once the house began construction. We are proud of our Handy Distribution family for working together to give this family a roof over their head.



FIRST BAPTIST CHURCH OF ANDREWS SCHOOL

The Charleston, SC branch of Handy Distribution had the honor of helping Pastor Mark Stump, First Baptist Church of Andrews, and Carpenters for Christ by donating roofing materials for a much-needed job. Forty students had been using the original 1947 school building at the church before roofing issues forced their relocation, rendering them without a home. The church and Carpenters for Christ reached out to Handy Distribution for help with roofing materials, and we were grateful to see this vision and cornerstone of the Andrews community preserved.



CONTRIBUTIONS

An employee-based program raises funds through casual Fridays and casual weeks. The earnings from these efforts have been distributed to these local non-profit organizations that provide care, clothing, meals, and rehabilitation services to those in need:

- | | |
|---------------------------------------|---------------------------------------|
| St. Jude's Children's Hospital | Blue Ridge Area Food Bank |
| Big Brother Big Sisters of Central VA | Daily Bread |
| The Lynchburg Humane Society | Meals on Wheels |
| CASA of Central Virginia | Alan B Pearson Regional Cancer Clinic |
| HumanKind | Habitat for Humanity |
| The Boys & Girls Club | The Gateway Program |
| Toys for Tots | YWCA of Central Virginia |



Top images: United Way / Toys for Tots annual food and toy drive at the corporate office



Left image: Longest Drive and Closest to the Pin competition raises nearly \$2,200 for UNICEF during the annual Handy Distribution Charity event

2024 SUSTAINABILITY REPORT



HUMAN HEALTH

At Arco Innovations, we believe that a truly sustainable and health-focused business starts with the safety and well-being of our team. Our comprehensive workplace safety program is the cornerstone of our commitment to fostering a materials economy that respects and protects the health of all people, communities, and ecosystems.

Our safety mission is clear: to establish a culture where safety is the foundation of all decisions, processes, and attitudes. This mission aligns seamlessly with our broader sustainability goals, recognizing that worker health and safety are integral to creating a truly sustainable business model. We've implemented a multi-faceted approach to workplace safety, including:

- Regular Safety Education: Monthly safety meetings keep our team informed about the latest safety standards and best practices
- Robust Personal Protective Equipment (PPE) Policy: Ensuring all employees and visitors in operational areas are properly equipped with necessary safety gear
- Proactive Hazard Management: Training our team to detect and correct unsafe working conditions promptly
- Clear Safety Communication: Displaying safety signage and posters throughout our facilities to reinforce our safety-first culture
- Emergency Preparedness: Maintaining up-to-date evacuation plans and fire safety systems.
- Standard Operating Procedures: Ensuring consistency and safety across all our operations

By prioritizing the health and safety of our employees, we're not just creating a better workplace—we're laying the foundation for a more sustainable, health-conscious approach to our entire business. Our safety program embodies our belief that true sustainability starts from within, setting the stage for responsible practices that extend to our products, customers, and the communities we serve.

MATERIALS NOTES

- Arco Innovation's emphasis on recycled materials reduces exposure to harmful chemicals that are present in virgin material extraction and processing.
- We do not process or sell lead based or lead coated products i.e., lead-coated copper) although those products are occasionally seen in institutional specifications. Cadmium is sometimes present in coated screw fasteners (which are not our standard) and some paints; however, as it relates to paint our standard colors do not contain any cadmium related pigments. When a custom color requires cadmium to "get the color" the customer and/or owner have to acknowledge the requirements to produce the color and sign off on that request.

- We make MSDS (material safety data sheets) available upon requests for our product offering.
- Finishes or coatings do not contain VOCs once applied. Any VOCs present in liquid coating systems are burned off and captured during the reverse-roll coat coating process at our roll painting vendor partners and that is closely monitored by the EPA.



FUTURE SUSTAINABILITY EFFORTS

Arco Innovations is committed to enhancing our sustainability initiatives and reducing our environmental impact. By the end of 2024, we will have upgraded all our locations with energy-efficient LED lighting and installed recycling receptacles. We will continuously monitor and reduce our energy consumption, seeking innovative solutions to further decrease usage.

We will make our products more sustainable by increasing the use of recycled materials. One of our primary goals is to reduce packaging waste and switch to packaging made from recycled content by the end of 2025. Additionally, we will continue recycling scrap metal and aim to set new records for recycled scrap in both of our steel centers.

Our commitment extends to social impact as well. We will continue to support and aid communities during natural and manmade disasters and educate our neighbors on the safety and benefits of metal roof systems. Our dedication to reducing our carbon footprint and fostering sustainable practices will drive our efforts to create a more resilient and environmentally responsible future.



www.arcoinnovations.com

