

2017 SUSTAINABILITY REPORT



SPECIAL POINTS OF INTEREST:

- Message from our CEO
- Zero Waste to the landfill update.
- Energy Conservation
- People
- 2018 Outlook

“DMI is building a better world for ourselves and our children by providing a sustainable environment through our products, operations and personal conduct”

**Ray Yeager,
President/CEO**



Overview



Dear Stakeholder,

A challenging environment is commonplace in today’s market. We expect commercial construction, our cornerstone, to remain strong. Our Message to you is:

“DMI is building a better world for ourselves and our children by providing a sustainable environment through our products, operations and personal conduct”

We hope this message and our strategic approach will make it easier for our stakeholders to understand how DMI Companies approaches sustainability.

The board of directors, management and our strategic planning group meet throughout the year to develop a framework for success.

As a reminder, a few years back we adopted DMI2020, which is our current “roadmap for the future.” This updated strategic plan integrates our sustainable agenda into our core business strategy.

Our corporate focus is on continuous improvement – minimizing

our environment impact while maximizing our value.

DMI Strategic Plan:

- **Improved Vision** – Remain the preferred manufacturer and supplier of innovative, sustainable products while continuing to serve the building industry.
- **Sustainable Strategic Objective** — Operate DMI Companies in a manner that protects and promotes the health and well-being of the environment.
- **Sustainable Initiatives for Culture Change** – We look to build a better world for the future by creating a sustainable framework for the environment.

Working together, we are making clear progress toward sustainable future at DMI Companies. We continue to challenge ourselves with aggressive targets, higher expectations, and a broader mindset about incremental improvement among our company and its employees. I am very proud of what we have accomplished since undertaking this journey more than 10 years ago.

Some areas where we made demonstrable progress include:

- Energy Savings
- Water Savings
- Material and Waste Savings
- Stakeholder Engagement
- New Products and Services
- Launching our Sustainability Website
- Ethics and Professionalism

The results will be displayed on our sustainable metrics dashboard.

We commit ourselves to integrating sustainability as a core value for DMI; protecting the health and well-being of our employees and our communities. Therefore we actively participate in every community in which we operate. We want these communities to thrive.

The future has arrived at DMI Companies. If you have any questions or comments about this subject or any other topic, please feel free to correspond with me at ryeager@dmicompanies.com.

Ray Yeager, President/CEO

Financial Growth and Stability

DMI continues to grow its business in a financially sustainable (viable / responsible) manner, as well as an ecologically sustainable manner. We recognize the important relationship between both aspects. We are excited about our expansion in Oklahoma, which will allow for greater growth opportunities in the very near future.



Zero Waste to Landfill

DMI Companies has an aggressive but achievable goal to be zero waste to landfill company. In fact, our Monongahela facility is very close to achieving this goal. In 2013, we sent 94.44 tons of waste to a landfill but in 2017 only 19.77. That is an incredible 75% improvement in just 4 years. We have accomplished this by implementing a number of robust recycling and reuse processes including a waste to energy program!

Our Portsmouth, VA division is a Zero Waste to Landfill facility. Waste is hauled directly to a Refuse Derived Fuel (RDF) plant in Portsmouth, VA. At the RDF plant, metals are removed from the compacted garbage and the residual is then incinerated. Steam is generated during the incineration process and is captured to drive turbines to generate electricity. The electricity is then used to power the Norfolk Naval Shipyard!

We strongly encourage recycling throughout our company and in our personal lives because those initiatives reduce our carbon foot print and help protect our environment while also setting an example for others to follow.

THINK ABOUT IT!

IF IT CAN'T BE REDUCED, REUSED, REPAIRED, REBUILT, REFURBISHED, REFINISHED, RESOLD, RECYCLED OR COMPOSTED, THEN IT SHOULD BE RESTRICTED, RE-DESIGNED OR REMOVED FROM PRODUCTION.

Waste to Energy

DMI Companies are fully committed to attaining our goal to be zero waste to landfill. Our Monongahela site has implemented a WTE program where a variety of materials are collected and transported to a WTE facility. There the waste is incinerated in specially designed combustion chambers equipped with state of the art pollution control equipment. The

equipment scrubs and filters emissions to prevent any release into the environment. After combustion is complete, metals are recovered from the residual ash for recycling. The result is a clean and renewable energy resource. In 2017 we collected and shipped 80 plus tons of waste for WTE processing. The program has become so successful that in 2018, we

will begin compacting our WTE waste materials. This will further reduce our need to collect, store, recycle and transport various wastes under separate programs. Ultimately reducing costs, improving operating efficiency and reducing our overall carbon foot print.

Composting

Our Monongahela site has composted yard and food waste since 2014. In 2017 our corporate office in Charleroi, PA began participating as well, and what a hit composting has become. In late 2017, we purchased an additional 100 gallon compost wizard and built an over-flow bin. We generated nearly 250 pounds

of soil and 30 gallons of leachate "tea" from food waste like fruits, vegetables, coffee grounds and tea bags. The compost soil and tea are used around our facility to fertilize and enrich landscaped areas. Leftover soil and tea are made available to employees for personal use in home gardens and landscaping.



People

To quote a very wise person, “To win in the marketplace you must first win in the workplace.” – Doug Conant, CEO Campbell’s Soup. DMI Companies began in 1978 as an idea brought to life in a garage and 40 years later has evolved into an industry leader in engineered duct system and component solutions.

The reason we are here today is because of our greatest asset – our people. From the very first employee all the way to our most recent hire, each person has brought something to DMI that has allowed us to become the Company we are today. We strive daily to be an employer of choice in the areas we do business. Our employee count passed 400 in 2017 with the addition of the Wagoner, OK facility. We are a Company diverse in background and experience. The largest portion of workforce is our production staff. We are proud of our union status and work hard to develop strong relation-

ships with those unions to successfully develop our employees and provide for them and their families. Our products are only as good as the people who make them.

In today’s times, the job market is highly competitive and the pool of candidates is small. In the non-union recruitment process, we win over candidates with the very things that make us a great place to work. Employees receive fair compensation including comprehensive health and retirement benefits. Our enterprise is built on lean manufacturing practices and openness to continuous improvement solutions while being focused on bettering the environment for future generations to come. Training is made available to employees interested in expanding their abilities. Our employees generously donate their time and money to charities in the communities we live and work. These things matter to candidates and

employees. We do them because that’s the type of Company we want to be.

Over the course of each year we recognize years of service, participate in wellness and sustainability events, gather for a bit of fun for holidays, sponsor contests or giveaways and have a good meal at the end of the year to look back at how far we’ve come and where we want to go. Those things are just a few of the ways we say thank you to our employees and let each of them know they are appreciated. As evidence that DMI is a great place to work – our most tenured employee will have 39 years of service later this summer and we have numerous others who have passed 30 years of service!

Melissa Lourimore
Sr. Human Resource Generalist

Workforce Development

One of DMI Companies’ strategic objectives is to conduct our business in a manner that ensures that DMI will continue to be an Employer of Choice. One indicator of success in this area is a company’s Hiring Retention Rate (HRR). A good HRR shows that you are attracting quality applicants and your company is a desirable place to work.

Our HRR is defined as the percentage of employees still employed with DMI one year after their start date. Since DMI Workforce Development began tracking the HRR for our Production employees at the Monongahela facility in 2014, we have achieved a 29% improvement. While changes in our hiring practices have certainly had a positive impact on this number, it is important to note that improvements in several other areas have also had significant effects on HRR. These include work environment, new hire orientation, training, employee engagement, safety, and sustainability. For example, safety and sustainability are an integral part of our new hire orientation process.

This sets the tone from day one that DMI is committed to the safety and well-being of our employees and the health of the surrounding communities. As a part of DMI’s continuous improvement platform, we are steadily adding to our employee training menu, not only to ensure that we maintain the most highly-skilled workforce in our industry, but also to provide opportunities for our employees to advance their skill sets.

In addition, we are taking steps to address our future workforce needs. In the last year, we have hired two full-time Production employees from our Workforce Development programs and promoted several Production employees into more advanced roles. These examples demonstrate that DMI values its employees, strives to provide them with the tools and opportunities to be successful and is dedicated to remaining an Employer of Choice. We believe strongly that by investing, not only in today’s workforce, but also in the workforce of the future, we can create a better industry, a stronger workforce and a healthier community.

Katie Hager, Workforce Development Manager



Energy Conservation

Energy conservation continues to be a focus and top priority at all of our facilities. DMI continues to take advantage of energy rebates to improve our infrastructure, while simultaneously reducing energy consumption and costs. Solar panels, LED lighting, skylights, energy efficient air compressors and occupancy motion sensors are a few examples of our initiatives.



We are proud partners and supporters of the Keystone Energy Efficiency Alliance (KEEA). KEEA advocates the use of clean energy sources at the local, state, and federal levels. By representing the interests of the clean energy industry in Pennsylvania, KEEA is educating industry to the importance of using energy efficient systems and equipment, helping the Keystone State secure a prosperous, sustainable tomorrow.

Energy reduction initiatives were extremely promising at each of our divisions in 2017. Year-end reduction percentages in electricity usage were quite impressive with Monongahela leading the way with 15%, followed by Lodi with 9.50%, Portsmouth with 8.71% and Charleroi with a 5.36% YOY improvement. Outstanding efforts by all!

2018 Outlook

2018 will be an exciting year for DMI companies! From our sustainability efforts to our expansion in the mid-west, DMI is conducting and growing our business in a manner that drives sustainable practices, products and standards. Our core values guide our daily business decisions, communicate our brand, and help us align with our customers. In a world of rapid change, our values are providing the footing we need for today's activities and tomorrow's growth!

Sustainability is a core element of our mission and an integral part of our business strategy. We want and need to grow by developing products and technologies that benefit society and reduce the impact of our manufacturing processes and waste streams on our ecological systems. To be successful, it means each employee must consider their daily actions as they relate to every project and task, from safety, to compliance and every business practice.

We will continue to focus on energy and waste reduction programs, as well as water conservation initiatives. Our choices and decisions will reflect our three core "P" concepts people, planet, profit while striving for a positive impact and continued improvement in all areas of our business.

Sustainability is the right thing to do and the responsible way to operate and invest in our business for the benefit of the greater community. Simply put...Sustainability is, and always will be, ever evolving and we will continue the endless journey of new developments and improvements in our processes.