



# 2021

## Environmental, Social & Governance Report

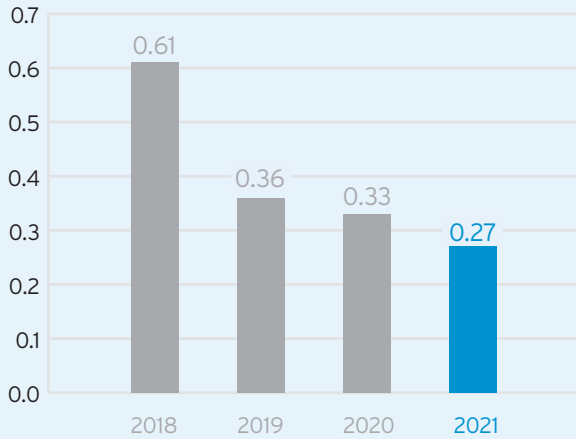
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# Environmental, Social and Governance Highlights and Executive Summary

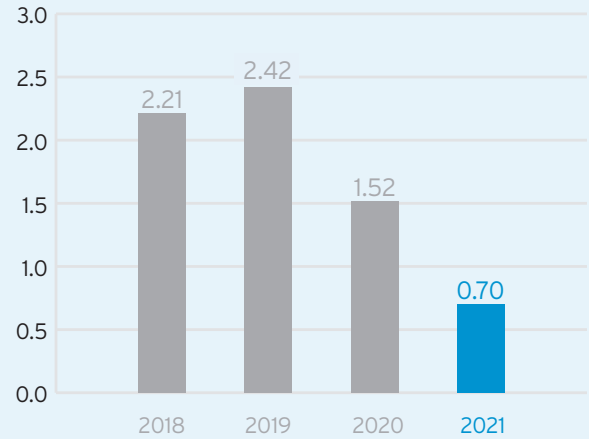
Ducommun Incorporated (“Ducommun,” the “Company,” “we” or “our”) is proud to present this report to communicate to our stakeholders the progress we have made in environmental, social and governance (“ESG”) program areas since the publication of Ducommun’s first ESG report in 2021. Below is a summary of our ESG highlights from the past year:

Lost Time Incident Rate



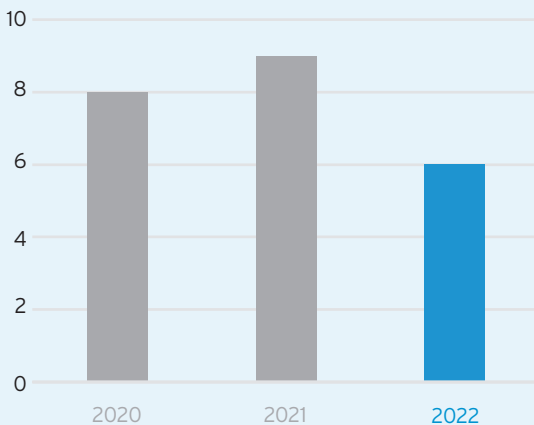
Our Lost Time Incident Rate<sup>1</sup> decreased by 56% since 2018 and by 18% since 2020.

Total Recordable Incident Rate



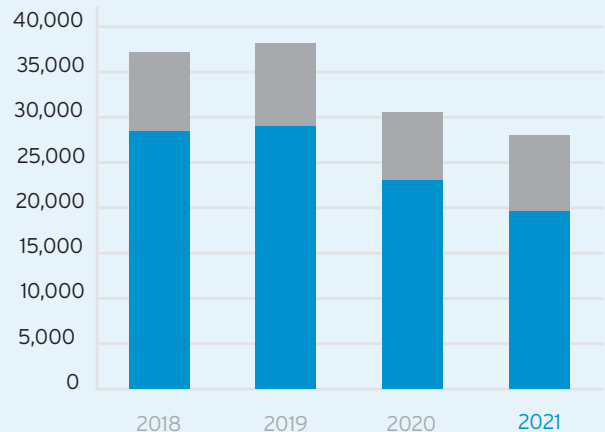
Ducommun’s Total Recordable Incident Rate<sup>2</sup>, as measured by the Occupational Safety and Health Administration (“OSHA”), improved by 54% compared to the year prior.

ISS Environment Quality Score



Ducommun improved its Institutional Shareholders Services (“ISS”) Environmental Quality Score by 33% on a year over year basis, and by 25% since 2020.

Scope 1 and 2 Greenhouse Gas Emissions (tons CO<sub>2</sub>e)

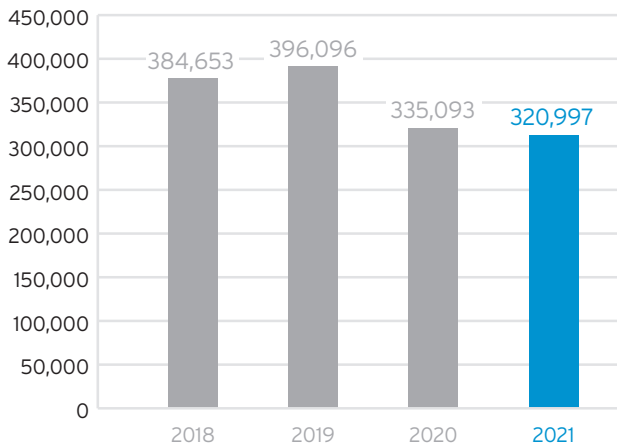


● Scope 1: Direct Emissions from Natural Gas  
● Scope 2: Indirect Emissions from Electricity

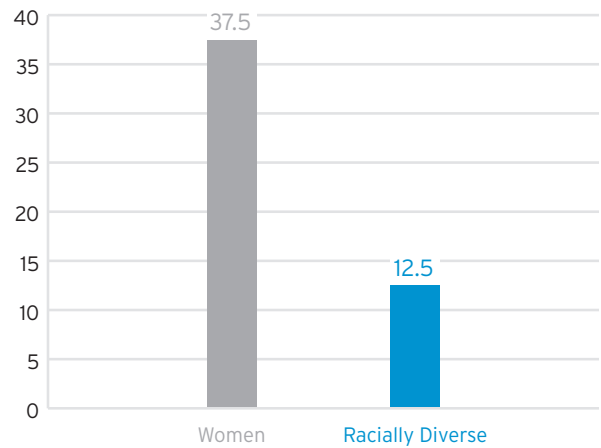
We achieved a 28% reduction in combined Scope 1 and 2 greenhouse gas emissions since baseline year 2018.

<sup>1</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>2</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.

Total Energy Use (GigaJoules)



Board Diversity (%)



In 2021, Ducommun's total energy use (combined electricity and natural gas) decreased by 17% compared to 2018, and decreased by 4% compared to 2020 on an absolute basis.

Ducommun was proud to add two female directors to its Board, which now consists of eight members, three of whom are women and one who self-identifies as coming from an underrepresented background.

## >ESG Principles

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 specializes in two core areas - Electronic Systems and Structural Systems - to 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. In support of Ducommun's pledge to deliver exceptional value to all stakeholders, we are dedicated to supporting the following ESG principles:

1. 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.
2. We will work to create an environment of compliance with all applicable laws and regulations pertaining to the environment and natural resources.
3. We will endeavor to improve our Environmental Management System and work to assure that employee awareness and performance are priorities of our operational systems.

4. We will work to establish and strive to meet meaningful goals and objectives in our pursuit of Environmental, Health and Safety excellence.
5. We will endeavor to continue to support human capital programs to increase the diversity of our workforce.

Our environmental policy goals are driven by our belief that environmental protection is an important consideration when setting our business practices. Management is committed to environmental protection through leadership, investment and involvement. As such, we strive to:

1. Eliminate spills, releases or other environmental incidents by implementing proper equipment 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.
3. Work collaboratively with state, local and federal environmental agencies to seek ways to reduce our environmental footprint and improve the sustainability of our operations.

## >ESG Governance

Ducommun's ESG initiatives are overseen by its Board in general, 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

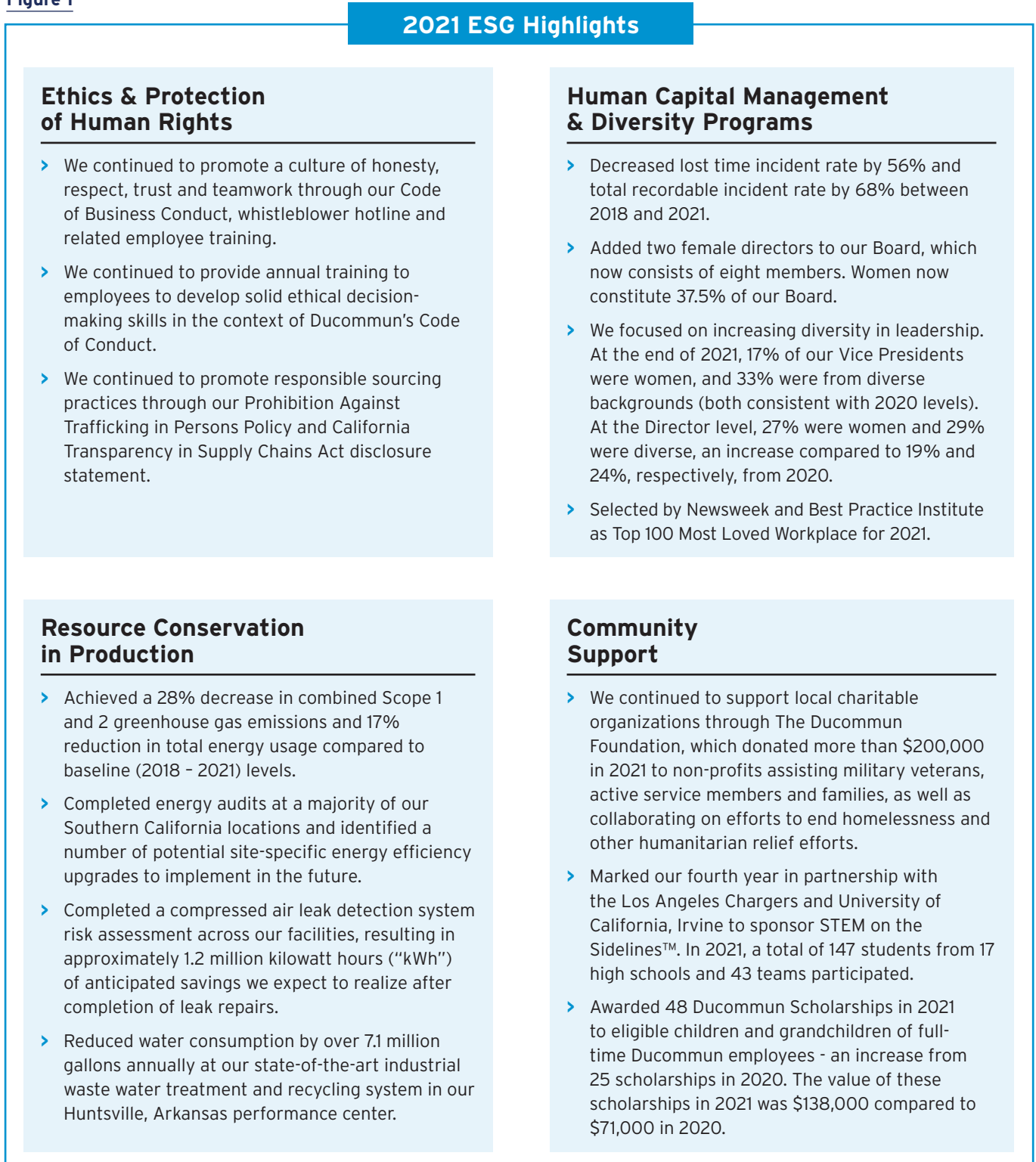
Governance Committee approved the development of an ESG program substantially based on the Sustainability Accounting Standards Board's Aerospace and Defense Industry Standard (the "SASB Standard"), as modified, as being most reflective of, and relevant to, the Company's operations. The Governance Committee 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's

initiatives to the full Board. In 2021, we established a Director-level position to lead our ESG efforts and convened an ESG Steering Committee. The committee is comprised of senior executives that report on the progress of initiatives relating to our ESG program 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 Ducommun’s ESG initiatives and results. This Report addresses each of the components of Ducommun’s overall 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, 2021.

Ducommun’s comprehensive ESG program can be most easily conceptualized in Figure 1 below, which includes highlights from the program over the 2021 calendar and fiscal year reporting period:

**Figure 1**



# Environmental Performance

Ducommun believes that operating sustainably and incorporating climate change factors into decision making strengthens our organization 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.

## > Environmental Management System

Ducommun is committed to continuously improving our Environmental Management System and are exploring the development of an internal roadmap that will help us meet certification requirements in the near future. This includes considering certification under the standards of the International Organization for Standardization (“ISO”); specifically, ISO 14001 because of the value placed on such certifications by our customers and stakeholders.

As manufacturing facilities operating in a highly regulated environment, Ducommun performance centers underwent a number of routine environmental regulatory inspections in 2021, and we are proud to report that no environmental regulatory Notices of Violations (“NOVs”) were found. We attribute this outcome to the commitment of our high-performance teams, the strength of our environmental program, and policies, practices and training programs.

## > Reporting Systems

Ducommun is exploring implementation of a utility management software platform that unites energy, water and waste data across our 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. Additionally, it will help improve the ease of analyzing potential energy efficiency initiatives and opportunities across our performance

centers. 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 explore the enterprise-level management, and disclosure, of other emissions, such as fleet fuel consumption and related emissions.

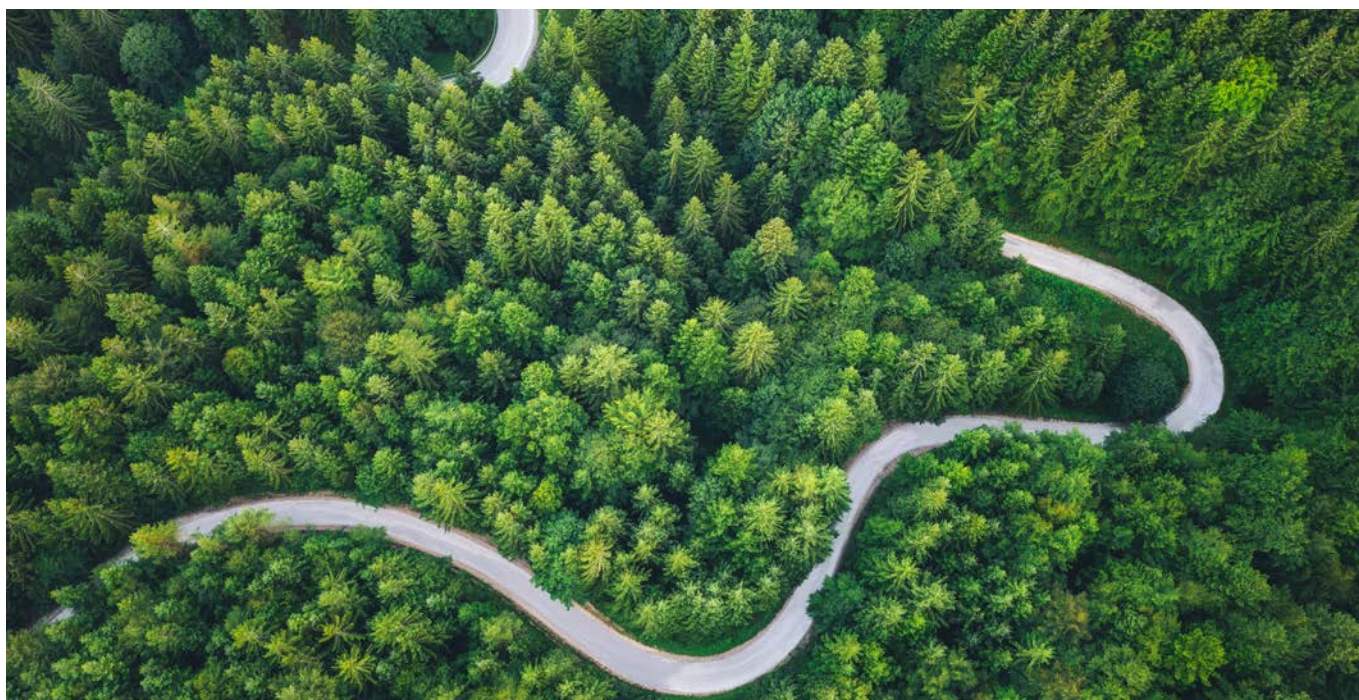


Table 1 and the narrative that follows provide a summary and explanation of the environmental metrics measured by the Company based on the SASB Standard:

**Table 1**

Combined Ducommun Incorporated US Performance Centers	Annual Data				2018-2021 Change (%)		
	2018	2019	2020	2021	Percent Change	Normalized by Employee Count	Normalized by Revenue
<b>Greenhouse Gas Emissions<sup>1</sup> (tons CO<sub>2</sub>e)</b>							
Scope 1: Direct Emissions from Natural Gas	8,677	9,048	7,396	7,084	-18	-20	-20
Scope 2: Indirect Emissions from Electricity Use	28,450	29,009	23,073	19,754	-31	-32	-32
<b>Total: Scope 1 and 2</b>	<b>37,127</b>	<b>38,057</b>	<b>30,469</b>	<b>26,838</b>	<b>-28</b>	<b>-29</b>	<b>-30</b>
<b>Energy Management<sup>2</sup> (GigaJoules)</b>							
Total Electricity	227,718	232,453	201,319	193,385	-15	-17	-17
Renewable Electricity <sup>3</sup>	100	122	153	149	49	46	45
Percent Renewable Electricity <sup>3</sup> (%)	0.044	0.053	0.076	0.077	75	72	71
Natural Gas	156,935	163,643	133,774	127,612	-19	-20	-21
<b>Total Energy Use</b>	<b>384,653</b>	<b>396,096</b>	<b>335,093</b>	<b>320,997</b>	<b>-17</b>	<b>-18</b>	<b>-19</b>
<b>Reportable Spills<sup>4</sup></b>							
Number of Reportable Spills	1	1	1	0	-100	-1	-100
Quantity Spilled (kg)	491	461	2,559	0			
Quantity Recovered (kg)	0	0	0	0			
<b>Activity Ratio<sup>5</sup></b>							
Number of Employees	2,426	2,872	2,457	2,477	2.1	NA	NA
Revenue (\$000s)	629,300	721,100	628,900	645,400	2.6	NA	NA

1) 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. 2018 and 2019 calculations were based on emission factors released in 2018.

2) Energy usage was estimated for selected locations due to a time delay in the receipt of December 2021 electricity consumption data (for the Carson, Gardena and Orange performance centers) and natural gas data (for the Berryville, Huntsville, St. Croix Falls and Parsons performance centers). Electricity data lags were estimated based on an average of the two prior months of data. Due to seasonality variations in natural gas consumption, natural gas data lags were estimated based on usage in the same month of the prior year.

3) 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.

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

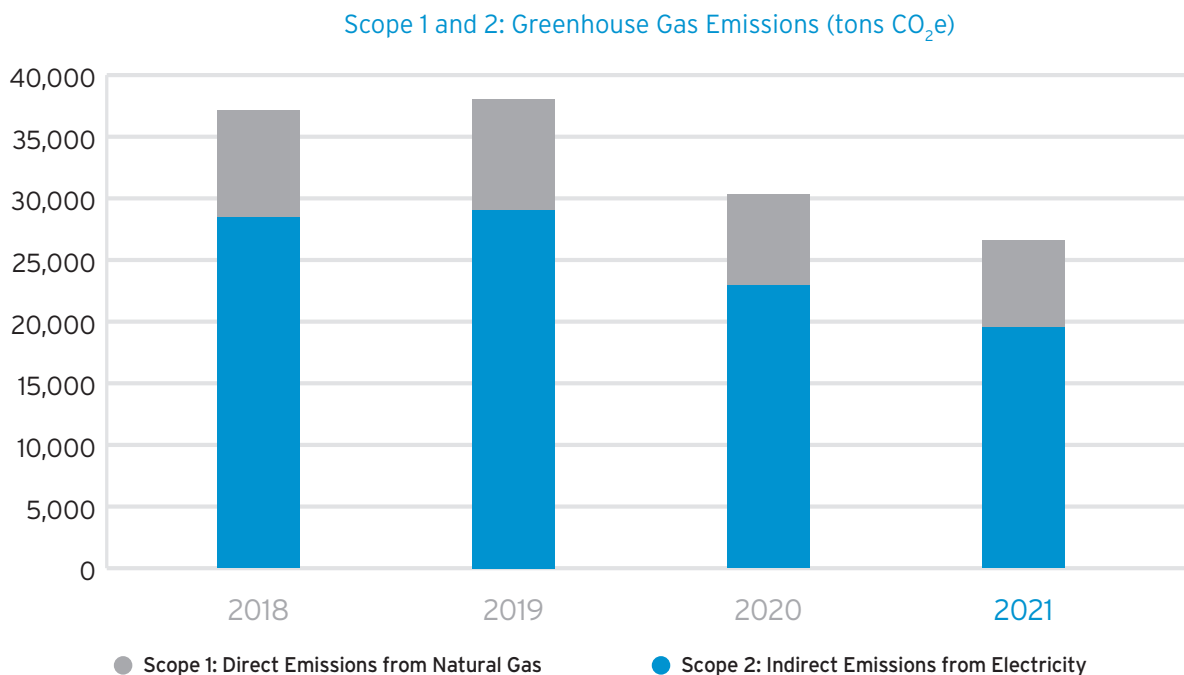
5) Annual number of employees derived from Proxy Statements corresponding to 2018 - 2021 for normalizing data under the SASB Framework (Code RT-AE-000.B).

## ›Greenhouse Gas Emissions

Ducommun continues to be committed to improving the scope and transparency of our environmental programs and ESG reporting. For 2021, Ducommun is reporting both Scope 1 and Scope 2 greenhouse gas emissions for current and prior years. Scope 1 emissions are direct emissions, such as those from natural gas consumption at our performance centers. Scope 2 emissions are indirect emissions and come from sources such as electricity procured from local utilities. As shown in [Figure 2](#) below, there was a 28% decrease in combined Scope 1 and 2

greenhouse gas emissions in 2021 compared to 2018, and a 12% decrease in 2021 compared to 2020 (on an absolute basis). The greenhouse gas emission trend over time shows a reduction of 18% in Scope 1 emissions and a reduction of 31% in Scope 2 emissions in 2021 compared to 2018. To address climate risk and reduce future greenhouse gas emissions, we aim to focus on energy efficiency initiatives that are pilot tested at select performance centers before implementing them across the enterprise.

**Figure 2**



## ›Energy Management

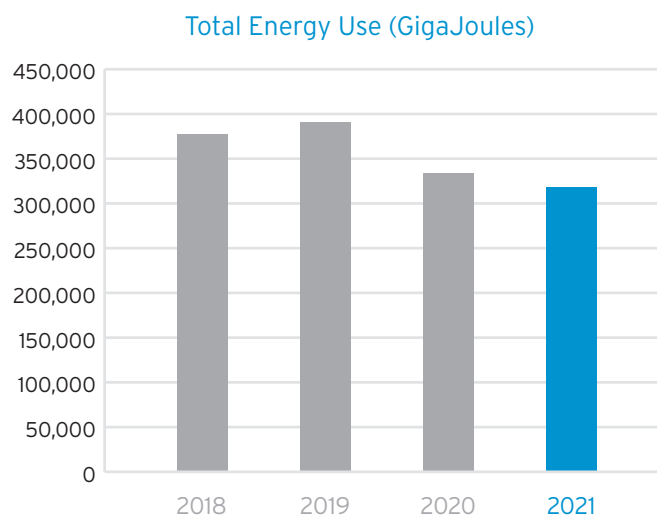
We require energy to power our operations, principally to support production and fabrication processes, and for the heating, cooling and lighting of our facilities. Our performance centers employ a wide variety of equipment ranging from conventional machining, such as computer numerical control machining tools and mills, to more technologically advanced equipment such as high-powered laser cutters, industrial 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.

Ducommun’s approach to reducing energy use is to deploy pilot energy efficiency improvements at select performance centers. Based on the success of the initiatives and energy reductions realized, they are then deployed to other applicable performance centers. Energy audits at select facilities allow us to strategically understand and deploy pilot energy efficiency initiatives. Ducommun’s total energy use (electricity and natural gas, as shown in [Figure 3](#) on the next page) since 2018 has decreased over time due to a combination of factors, including energy efficiency initiatives, equipment upgrades and to a lesser extent, reductions in volume stemming from the COVID-19 pandemic.



Figure 3



We seek to responsibly manage our energy use by striving to reduce the consumption of electricity and natural gas through energy efficiency initiatives that increase our reliance on renewable electricity. Some of these energy efficiency initiatives include:

1. Successfully installed a heat exchange system at the Appleton, Wisconsin performance center that captures excess heat from air compressor equipment and repurposes it to heat buildings during winter months.
2. Upgraded an autoclave to a more energy-efficient natural gas burner at the Monrovia, California performance center.
3. Completed energy audits at a majority of our Southern California performance centers. The audits identified potential site-specific energy efficiency opportunities, including the implementation of compressed air leak detection processes, light emitting diode (“LED”) lighting, high-efficiency chillers, and heating ventilation air conditioning systems and variable frequency drives and controls.
4. Ducommun completed an assessment of compressed air energy losses across our performance centers. The compressed air leak assessment used ultrasonic acoustic sensors to determine opportunities to save energy and extend the life of compressor units. Approximately 1.2 million kWh per year are anticipated to be saved once leak repairs are completed, which translates into an annual savings of more than \$140,000.
5. Ducommun is continuing its LED lighting conversion projects at a number of performance centers. Three performance centers (Appleton, Wisconsin; Carson, California; and Coxsackie, New York) completed the conversion to LED lighting, with the remaining sites in the process of converting to LED lights or performing initial assessments for future conversion.
6. Our Santa Clarita, California performance center continues to operate rooftop solar voltaic panels that generate onsite renewable energy. In 2021, the system generated over 41,000 kWh of electricity, accounting for approximately 9% of the facility’s energy needs.

As depicted in [Table 1](#), between 2018 and 2021, our electricity use decreased by 15% on an absolute basis, which represents a decrease of 17%, normalized based on employee count and revenue, respectively. During the same time period, we reduced our consumption of natural gas by 19% on an absolute basis, which represents a decrease of 20% normalized based on employee count and a decrease of 21% normalized based on revenue. Overall in 2021, Ducommun’s total energy use (combined electricity and natural gas) decreased by 17% compared to 2018, and decreased by 4% compared to 2020 on an absolute basis.

We strive to improve our performance relating to the metrics identified in [Table 1](#) and plan to update future Reports to convey our progress on these metrics.

## › Reportable Spills

Ducommun manufactures a breadth of commercial, industrial and aerospace products, for which its performance centers store and use a wide range of chemicals. Employee safety is a primary core value at Ducommun. We maintain both engineering and administrative controls designed to prevent the spill, release and exposure to such chemicals. For example, preventative engineering controls include high-level automated shut-off switches intended to prevent overflows. In addition to secondary and tertiary physical containment systems, routine inspection and maintenance programs are in place that use fail-safe valves and redundant leak monitoring sensors, which are certified by third-parties

on an annual basis. Moreover, we are transitioning our chemical storage infrastructure from underground storage tank systems to above-ground storage tanks so that any potential future issues can be more easily identified and prevented.

As depicted in [Table 1](#), Ducommun had no reportable spills in 2021, as defined by the SASB Standard<sup>3</sup>. Ducommun attributes the absence of spills to the diligence of our dedicated employees, as well as our environmental health and safety procedures, practices and extensive training programs for control and containment systems as described above.

## › Hazardous and Non-Hazardous Waste Reduction

A number of our manufacturing operations are in California, which has some of the most stringent environmental regulatory requirements in the nation. We continuously strive to reduce the volume of waste generated from our operations and identify innovative ways to reuse, reclaim or recycle waste generated from our production processes to mitigate harm to the environment and improve operational efficiencies.

Through the implementation of proprietary reclamation and recycling processes and a continued focus on improvement, we endeavor to minimize the amount of hazardous and non-hazardous waste by-products generated from our operations to support the protection of the environment and communities in which we operate. Ducommun recognizes that the minimization of hazardous and non-hazardous waste generation is not only good for the environment, it is also a good business practice that can help reduce costs. Ducommun's efforts and practices to reduce waste generation in 2021 include the following:

1. Evaporative wastewater tanks are currently in operation at several performance centers including those located in: Huntsville, Arkansas; Gardena, California; and Carson, California. The evaporative systems are designed to condense the weight and volume of initial hazardous and non-hazardous waste streams to consolidate the offsite transport and disposal of waste. As a result, we reduce the volume of residue requiring off-site disposal and realize a reduction in waste transportation vehicle miles travelled. Across our enterprise, the utilization of these systems resulted in eliminating more than

1.5 million pounds of hazardous and non-hazardous waste disposal in 2021. At our Huntsville performance center, this system reduced the overall hazardous waste generated by approximately 20,000 pounds, allowing the facility to convert its status with the state of Arkansas from that of a large quantity generator to small quantity generator.

2. The Huntsville, Arkansas performance center also uses an onsite industrial process to recycle a cleaning solvent. The process heats the used solvent, captures emanating vapors and condenses them back into a liquid. This reclamation process allowed the solvent to be reused, thereby reducing overall new solvent purchases by nearly 5,000 pounds.
3. At the Orange, California performance center, a chemical solvent recycling process in the air pollution control unit desorbs chemicals from the activated carbon. The chemicals removed are further treated and then reused for manufacturing, reducing overall new chemical purchases and hazardous waste generation. In 2021, more than 115,000 pounds of chemicals were reclaimed for reuse using this process.
4. The Orange performance center also continues to operate a successful etchant reclamation system. In the aerospace industry, chemical milling is a process that involves the use of a strong acid or base solution, otherwise known as an etchant, to dissolve unwanted aluminum, titanium or steel during the manufacture of aircraft parts. The aluminum chemical milling process performed in Orange generates a spent caustic solution laden with dissolved aluminum compound. Our

<sup>3</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).

proprietary caustic regeneration system purifies the spent caustic solution and returns it for reuse in the chemical milling process while capturing the dissolved aluminum to be sold to a third party for commercial reuse. In 2021, we estimate that our Orange performance center regenerated more than 2.4 million pounds of caustic solution for reuse and reclaimed more than 200,000 pounds of aluminum compound.

5. In 2021, we implemented process improvements that included monitoring chemical specifications during

tank cleanout maintenance to prolong the useful life of chemicals and better identify spent chemicals. This process improvement prolonged the use of the chemicals, lowered costs related to the purchase of new chemicals and reduced hazardous waste generation on a year-over-year basis. These changes resulted in the recycling of more than 70,000 pounds of chemical solution at performance centers located in: Parsons, Kansas; Monrovia, California; and Gardena, California.

## > Water Conservation Systems

Ducommun works to protect and conserve our water resources by striving to operate in compliance with applicable regulations and minimize their use. Water is a limited resource, and as such, we seek to responsibly manage water consumption across our performance centers by implementing closed-loop water recycling systems where possible. As we move forward, we plan on exploring ways to better track and report on water consumption. The following are examples of our recent water consumption reduction initiatives:

1. A production line rinse water recycling system is in place at both the Coxsackie, New York, and Huntsville, Arkansas, performance centers. The Coxsackie performance center uses a closed loop de-ionizing water recycling system for its spray and immersion rinse tanks. The Huntsville performance center uses a state-of-the-art industrial waste water treatment and closed-loop recycling system for rinse water in the process line. This process uses a weir system that

allows rinse water runoff to be captured, treated and returned to rinse tanks as clean water, which allowed for the reduction of freshwater consumption by more than 7.1 million gallons in 2021. Additionally, this process results in secondary benefits such as reducing discharges to sanitary sewer treatment systems, which are also typically energy-intensive.

2. A board wash rinse water recycling system is also used at the Appleton, Wisconsin performance center. This system allows both initial and final rinse tanks to reuse water, resulting in potential savings of more than 147,000 gallons of water annually.
3. The Orange, California performance center recycles water from a combination of sources, including chiller and boiler condensate, as well as steam from chemical recycling processes in air pollution control units. These processes enabled the facility to recycle more than 153,000 gallons of water in 2021.

## > Waste Diversion

In 2021, Ducommun assessed waste streams generated at its performance centers to identify opportunities for waste recycling, diversion or recovery. Metals from production waste streams, cardboard from the packaging waste streams, and paper waste from business waste streams were all recycled at a majority of our facilities. As we move forward, Ducommun is evaluating expanding

its business waste recycling programs and exploring ways to better track waste diversion and recycling, including by incorporating relevant data into software reporting platforms. Recycling data from performance centers in 2021 demonstrated that more than 706,000 pounds of metals (including aluminum, steel, titanium and mixed metals) and more than 46,000 pounds of cardboard were recycled.



## › Investment in Low Carbon and Sustainable Opportunities

Ducommun continues to invest in products to help develop and expand renewable sources of energy. As previously reported, Ducommun's Lightning Diversion Systems ("LDS") brand 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 ("NIAR") 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. In 2021, field trials were in process on 10 turbines.

Ducommun recognizes that the aerospace industry has set ambitious greenhouse gas emission reduction goals for fuel efficiency, as well as 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 our high-performance engineering and manufacturing teams, customer relationships, participation in industry associations and thought leadership. We also believe Ducommun's human capital and engineering talent is well poised to meet emerging customer demands relating to the development of more sustainable products.

## Human Capital Management and Diversity Programs

Ducommun has been proactive on a number of social matters and issues, both within the Company through our management of human capital and externally through our community-based initiatives. We are proud of our accomplishments in making Ducommun a more inclusive workplace and improving the communities where we live and work.

### › COVID-19 Health and Safety

At Ducommun, employee health and safety is our top priority. Throughout the ongoing COVID-19 pandemic, we continued to incorporate stringent, CDC-based preventive measures and protocols at our locations to provide for the health, safety and well-being of our valued team members and their families.

As an essential business in all jurisdictions in which we operate, the Company quickly adopted COVID-19 risk mitigation practices in March 2020. We continue many of these practices today, including instructing employees who feel ill to stay home, including requiring frequent hand hygiene, facial coverings (where required) and social distancing when necessary. We remain vigilant in our efforts to slow the spread of COVID-19 and are responsive to and abide by applicable local, state and federal regulations and guidelines for COVID-19 prevention, including:

- Supporting social distancing at our facilities by implementing work station dividers, flex staffing, and staggered lunch breaks and work shifts.
- Providing face coverings, disposable gloves and other personal protective equipment at no cost to employees.

- Providing sanitation stations with hand sanitizers and cleaning wipes throughout our facilities.
- Performing deep cleanings and disinfecting facilities on a regular basis.
- Implementing enhanced third-party visitor screening protocols before onsite visits and entry.
- Limiting business travel and implementing stringent company-wide policies and procedures for essential business travel approvals and authorizations.
- Providing regular employee communications regarding up-to-date information to help mitigate the spread of the virus.
- Educating employees and their families on safety practices.

In addition, management implemented a vaccine incentive program in spring 2021 that offered \$100 to all employees to become fully vaccinated. As a result of ongoing communications and these incentives, approximately 69% of Ducommun's workforce was fully vaccinated (as defined by the CDC) by the end of 2021. The Board was regularly updated on the successful implementation of our safety protocols and COVID-19 workforce vaccination rates during the year.

## ›Operational Health and Safety

Ducommun places a premium on the safety of our employees both in the context of our operations and their overall well-being. We are committed to regularly improving our programs and seeking out ways to systematically pursue safety across the enterprise. Our operational health and safety initiatives in 2021 included the following:

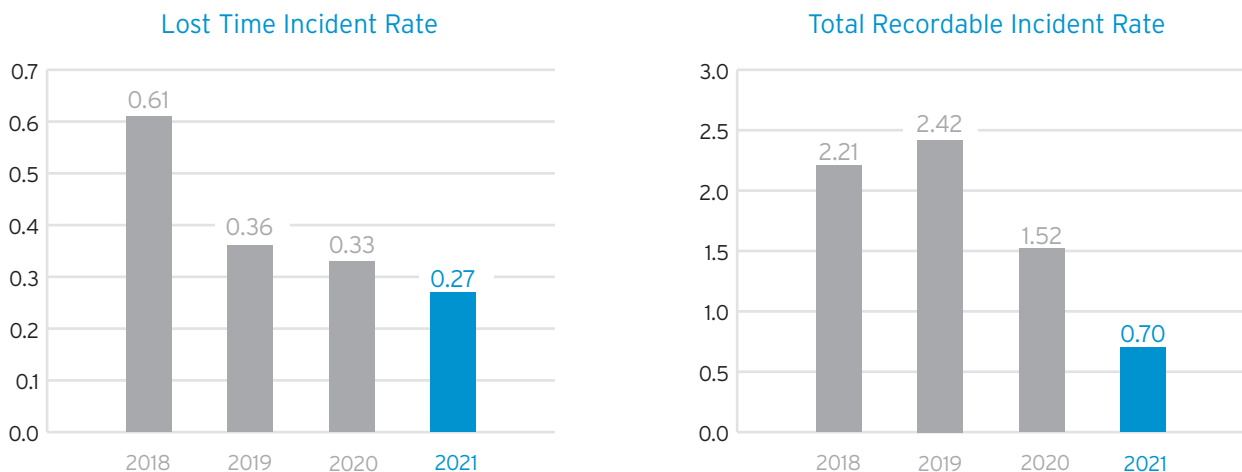
1. Ducommun adopted environmental health and safety (“EHS”) key performance indicators (“KPIs”) that were communicated across the enterprise to senior management on a quarterly basis. EHS KPIs included lagging and leading indicators. Lagging indicators included the Lost Time Incident Rate (or Days Away From Work Rate) and Total Recordable Incident Rate (or OSHA Total Recordable Rate). Leading indicators included the timely completion of action items identified as a result of inspections and investigations, including routine regulatory compliance submittals and internal inspections. Looking forward, we will continue to develop our approach to develop our monitoring of EHS leading indicators to enable us to further improve safety outcomes.
2. We invested in improving machine guarding, completed a compressed gas risk assessment (including standardizing oxygen sensor placements and hazard communication) and refreshed internal safety protocols

relating to key processes such as control of hazardous energy (lockout/tagout).

3. We continue to use an EHS software system to track and increase the engagement of our performance centers to reduce lost time and OSHA recordable incidents. In 2021, we completed the deployment of an EHS software system at all our performance centers.
4. We initiated Job Safety Analyses across our performance centers to systematically identify, define and control hazards associated with processes, jobs and procedures.

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 2021, our Lost Time Incident Rate<sup>4</sup> was 0.27, a decrease of 56% compared to the baseline year 2018 (or -18% compared to 2020). Our 2021 Total Recordable Incident Rate<sup>5</sup> was 0.70, a decrease of 68% compared to the baseline year 2018 (or -54% compared to 2020). These metrics are depicted in [Figure 4](#) below:

**Figure 4**



<sup>4</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>5</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.

## > Diversity in Leadership

Ducommun continues to focus on diversity and inclusion among our workforce, with an emphasis on providing development opportunities to employees from underrepresented groups. We believe that a diverse and inclusive workforce strengthens our human capital pipeline and supports a more sustainable future. During the past year, the Company's diversity among management (defined as Supervisor and above) increased by a total of 11%. At the end of 2021, 17% of our senior leaders at the VP level

were women, and 33% were from diverse backgrounds as defined under the categories established by the Equal Employment Opportunity Commission (consistent with 2020). At the Director level, 27% of our employees were women, and 29% were from diverse backgrounds, an increase from 19% and 24%, respectively, in 2020. The total percentage of women and those from diverse backgrounds in management positions at the Company as of December 31, 2021, is set forth in [Table 2](#) below:

**Table 2**

Level	% Diverse Background		% Women	
	2020	2021	2020	2021
Vice President	33%	33%	17%	17%
Directors	24%	29%	19%	27%
Managers	22%	26%	30%	32%
Supervisors	20%	22%	39%	36%

## > Diversity in Hiring

Ducommun, like other manufacturing companies, faced a highly competitive labor market in 2021. Despite the shallow labor pool, we continue to put our efforts toward advertising, recruiting and connecting with a diverse workforce through partnerships with outreach organizations, including those that support veterans, women and other minorities. These organizations help

make our job opportunities visible to an inclusive pool of candidates representing minorities, women, individuals with disabilities and veterans. In 2021, 33% of our new hires self-identified as having of a diverse background, 44% as female and 7% were veterans. As of year-end 2021, 68% of our total workforce self-identified as belonging to a diverse group.



## › Investment in our Employees

Ducommun places a high degree of importance on developing its workforce, using multiple tools, resources and media to invest in our employees' success. Employees have access to on-the-job training, online learning, external certifications and personal coaching from those in leadership roles. We offer our employees free access to a library of more than 5,000 courses through our online learning management system. In 2021, our employees completed more than 3,000 hours of training in topics such as health and safety, workplace etiquette, leadership skills, communication and technology.

To promote development, employees participate in an annual performance review process that allows managers to share constructive feedback, provide coaching and discuss performance goals. In addition to our annual appraisal schedule, eligible new hires receive a performance assessment after their first 90 days. These performance management processes are a major pillar of Ducommun's human capital development strategy.

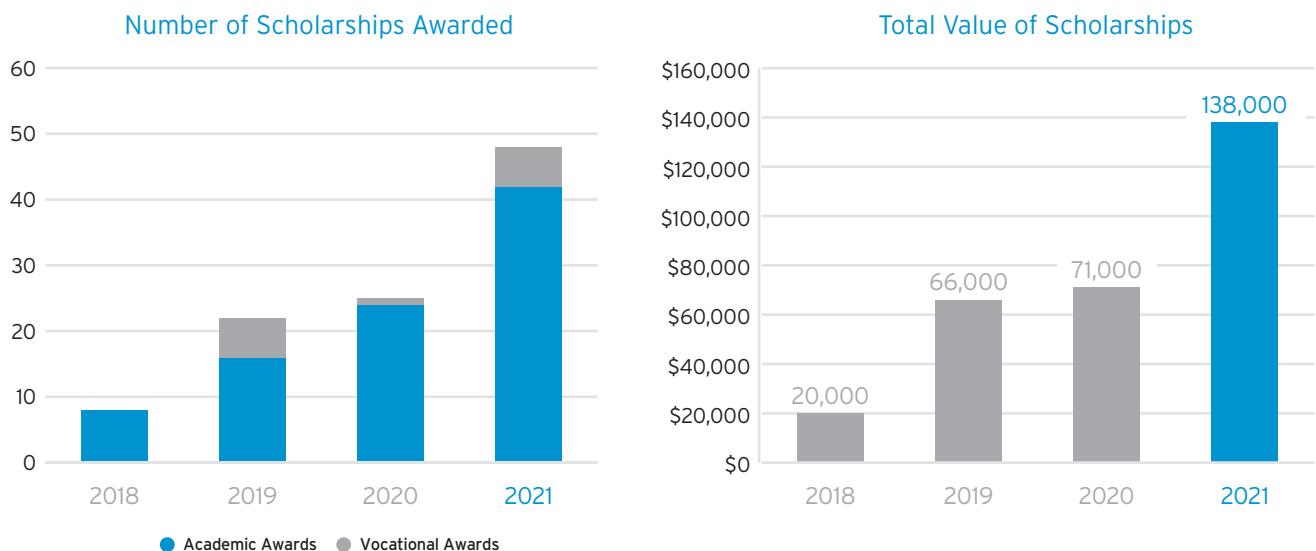
Ducommun offers a tuition assistance program to encourage employees to continue their formal education. The program provides financial assistance for completing courses that bear directly on an employee's assigned job duties or that will help prepare them for future advancement within the Company. Full-time employees are eligible to participate in this program following the completion of their new hire probationary period. In 2021, Ducommun issued tuition reimbursement payments totaling more than \$26,000 to employees in engineering, supply chain, program management, accounting and information technology.

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 Ducommun stock at a 15% discount. In 2021, we continued to grow the program, with a 38% increase in participation since it was launched. In addition, our 401(k) program has an 88% participation rate among eligible employees as of December 31, 2021, with annual training held at each Ducommun location.

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 2021, we awarded a total of 30 new scholarships and renewed 18 renewed scholarships (48 total), an increase from the 25 scholarships awarded in 2020 and 22 scholarships awarded in 2019. The total value of scholarship awards in 2021 was \$138,000, up 86% from \$71,000 awarded in 2020 (see [Figure 5](#)). Students can 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 5**



## › Awards and Recognition

Ducommun is honored to be named to Newsweek’s inaugural list of the “Most Loved Workplaces 2021,” ranking No. 66 among the top 100 companies recognized nationwide for employee happiness and satisfaction. The list pays tribute to companies that place respect, caring and appreciation for their employees at the center of their business model and have earned the loyalty and respect of the people who work for them. Five key areas were measured to gauge employee sentiment, including the level of collaboration at the firm, how positive workers are about their future at the Company, how much employer values align with employee values, respect at all levels within the organization and career achievement. Given the many challenges that arose during the COVID-19 pandemic, the survey also included an evaluation of the Company’s response and adaptability to the effects of the virus, such as return-to-office policies, workplace diversity, equity and inclusion, compensation, and benefits policies and practices. Ducommun’s “People First” culture and our emphasis on employee health and safety are two key components that helped to achieve this prestigious designation.



Ducommun was also named to the 2021 list of “Best Places to Work” in Orange County, California by the Orange County Business Journal and Best Companies Group. This program recognizes outstanding places of employment in the Orange County community and acknowledges the Company’s leadership and best people practices.





# Human Rights and Investing in our Communities

## > 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 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 concerns.

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.

## > Community Investment

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.

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.

In 2021, The Ducommun Foundation donated more than \$200,000 to support 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, Children of Fallen Patriots, Wounded Warriors Family Support and the Yellow Ribbon Fund. The Ducommun Foundation also contributed to the American Red Cross Southern and Midwest Tornadoes Disaster Relief Fund as well as other humanitarian causes.

Additionally, The Ducommun Foundation supported the Orange County, California, The United Way's "A Place to Call Home" initiative, which represents a powerful collaboration between Orange County's top business, philanthropic, governmental, faith-based 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.

## > Employee Giving and Volunteering

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 driving support to non-profit organizations through employee giving and volunteering.

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

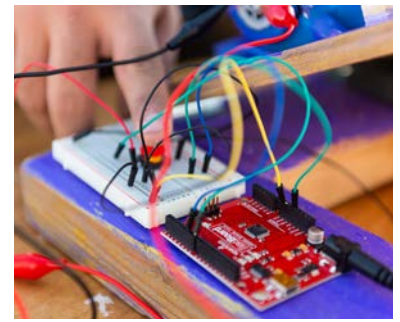
employees to help them make a meaningful impact to the causes they care about most. The platform was launched at the end of the year as a pilot project and resulted in more than \$6,000 of pledged donations and more than 96 hours of volunteer work from Ducommun team members. Due to the success and positive feedback from the pilot project, Ducommun intends to implement this platform company-wide in 2022.

## ›STEM on the Sidelines™ 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™, a regional competition promoting STEM education in Los Angeles and Orange County, California high schools.



The fourth annual contest began in September and concluded in December with the winning teams honored before the Los Angeles Chargers game on December 16, 2021, at the new SoFi Stadium in Inglewood, California. More than 150 students from 17 different high schools participated in the 2021 contest, bringing the total to more than 550 students who have benefited from their involvement in STEM on the Sidelines™ since 2018. Ducommun salutes the 2021 STEM on the Sidelines™ Design & Build Champions from Costa Mesa High School and Chargers Minecraft World Champions from Westminster High School!



Photos: Noel Vasquez, LA Chargers

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

Governance Committee, a Compensation Committee and an Innovation Committee.

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. [Table 3](#) below summarizes the governance documents for our Board, as well as all our business operations.

**Table 3**

Board Committee Charters			
Audit Committee Charter	Compensation Committee Charter	Corporate Governance and Nominating Committee Charter	Innovation Committee Charter
Corporate Governance 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

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, Information Technology, and ESG and EHS functions.

## › 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. Ducommun's Board consists of eight members, three of whom are women and one who self-identifies as coming from an underrepresented background.

## About This Report

We have published this Report to provide an overview of Ducommun's operations related to ESG. This includes both quantitative and qualitative information and contains comparisons of 2021 results to 2018, as well as selected years within this period. This report is for the calendar and fiscal year ending December 31, 2021. Unless otherwise noted, the scope of this report is limited to Ducommun

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. We intend to continue to report on our progress annually.

## › Forward Looking Statements

This 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. Forward-looking 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 that are still developing, on internal controls that are evolving, and on assumptions that are subject to change in the future. Generally, forward-looking statements include information concerning our possible or assumed future actions, events or results of operations. Forward-looking statements in this 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 Report may not be considered material for Securities and Exchange Commission ("SEC") reporting purposes. Within the context of this 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 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. 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 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 Report are made as of the date of this 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 Report.



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