2021 Sustainability Report
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About This Report

This Sustainability Report is prepared in accordance with the Global Reporting Initiative’s (GRI) Core Standards and references disclosure standards of the U.S.-based Sustainability Accounting Standards Board (SASB). We also provide reporting indices for the Task Force on Climate-Related Financial Disclosures (TCFD).

Unless otherwise noted, this report covers initiatives and performance metrics of DMC and its subsidiaries for the fiscal year ended December 31, 2021.

This report covers DMC operations in 2021 excluding our new Arcadia business, which was acquired in December 2021. We look forward to including comprehensive disclosures regarding Arcadia in our 2022 Sustainability Report.

References made in this report to “DMC” or the “Company” refer to DMC Global Inc. and its subsidiaries.

Contact Geoff High, VP Investor Relations & Corporate Communications at ghigh@dmcglobal.com for additional information or questions about this report.
A Letter to Our Stakeholders

Dear Stakeholders,

DMC’s 2021 Sustainability Report documents another year in our ongoing journey toward becoming a more resilient, successful and sustainable company. This report reflects the practical and balanced approach DMC takes to sustainability as we address the interests of a broad coalition of stakeholders that includes our employees around the world, the investors who have entrusted us with their capital, the customers and markets that rely on us for innovative products and solutions, and the communities in which we operate.

DMC has established a set of sustainability principles that guide our approach to business opportunities and operational risk. These principles also serve as guideposts for DMC’s businesses, which we have empowered to develop innovative programs that adhere to our sustainability objectives. Locally led initiatives ensure the safety of our workplaces; support our efforts to minimize the consumption and disposal of raw materials; conserve the energy and natural resources we require to operate; provide employees with opportunities for professional and personal growth; and strengthen our role as an engaged and responsible corporate citizen.

Fundamental to DMC’s success is our support of creativity and innovation at every level of the Company. This has resulted in an ever-expanding portfolio of technologies, products and solutions that enhance the efficiency and performance of our customers’ operations. Our focus on innovation also drives our profitable financial growth and supports the long-term sustainability of DMC.

We hope you find this report informative and illustrative of our efforts to positively impact the people and world around us.

Kind regards,

Kevin Longe
President & CEO
DMC Global Inc. (DMC) is a diversified holding company of innovative businesses that provide differentiated products and services to niche segments of the architectural building products, energy, industrial processing and transportation markets around the world. DMC is incorporated in Delaware, is publicly held, and listed on Nasdaq (NASDAQ: BOOM).

DMC’s current portfolio consists of three businesses: Arcadia, DynaEnergetics and NobelClad. Arcadia is a supplier of architectural framing systems, windows and doors for the commercial construction and high-end residential markets. DynaEnergetics designs and manufactures products used by the global energy industry principally for the perforation of oil and gas wells. NobelClad is a leading supplier of composite metal plates for use in the construction of corrosion resistant industrial processing equipment, as well as specialized transition joints for transportation applications and industrial construction projects.

2021 Company Overview

| 1965 | Company Founded |
| Broomfield, CO | Headquarters |
| 1,503 Full & Part Time Employees | as of December 31, 2021 (900 of these employees joined DMC when it acquired Arcadia in December 2021) |
| $260.1M | 2021 Consolidated Revenue |
| $500.5M | 2021 Pro-forma Consolidated Revenue ¹ |
| $0.2M | 2021 Net Loss attributable to DMC Global Inc. stockholders |
| $2.9M | 2021 Adjusted Net Income attributable to DMC Global Stockholders |
| $12.8M | 2021 Cash used in Operations |
| $116.6M | Net Debt at December 31, 2021 ² |
| $30.8M | Total Cash at December 31, 2021 |
| $20.2M | 2021 Adjusted EBITDA attributable to DMC Global Inc. ³ |
| $50.1M | 2021 Pro-forma Adjusted EBITDA ³ |

¹Inclusive of recently acquired Arcadia
²Non-GAAP Financial measure. Please see Use of Non-GAAP Financial Measures Business Areas
³Non-GAAP Financial measure. Please see Use of Non-GAAP Financial Measures Business Areas
Business Strategy

DMC’s strategy is to identify and acquire well-run businesses with strong management teams and support them with long-term capital and strategic, legal, technology and operating resources. Our approach helps our portfolio companies grow core businesses, launch new initiatives, upgrade technologies and systems to support their long-term strategy, and make acquisitions that improve their competitive positions and expand their markets. DMC’s culture is to foster local innovation versus centralized control and to stand behind our businesses in ways that truly add value.

DMC currently operates a global network of eight primary manufacturing facilities and 19 light manufacturing, sales and administrative offices in seven countries. Prior to the acquisition of Arcadia in December 2021, DMC operated four manufacturing facilities and eight sales and administrative offices.

Our Purpose

At DMC, we believe a sustainable organization is one that creates long-term opportunities for our employees, innovative technologies and products for our customers, superior value for our stakeholders, and economic and social benefits for the communities in which we do business. Our shared values of Integrity, Teamwork, Courage and Humility serve as the guiding principles for everything we do.

Through a steadfast focus on safety, we work to ensure the well-being of our employees, our customers and the communities in which we operate. We endeavor to run our businesses in an environmentally responsible manner, while empowering our customers to mitigate the ecological impact of their operations with innovative solutions.

DMC offers rewarding opportunities, competitive compensation and benefits, and we provide our employees with a highly supportive environment where they are challenged to excel and empowered to transform business through their work.

Our values are important tenets that every person can identify with and embody throughout all aspects of the organization.

Our Values

Integrity
We stand by our word and own our decisions. We are fair in how we treat customers, peers, partners and the communities we work in. We treat our company like it’s our own.

Teamwork
We believe being a part of one team, one community. We count on each other to do our part. We stand by one another when things are tough, learning from our failures and celebrating together when we get the job done.

Courage
We are entrepreneurs, with the courage to act when we see something that needs doing. We believe in pursuing the right path forward, even if it’s the most difficult one.

Humility
We believe that inspiration can come from anywhere and remain open to new ideas. We are proud of our work and how it helps our customers, but are never boastful.

Employee Value Proposition

We provide a highly supportive environment where people are challenged to excel and empowered to transform business through their work.

Our Shared Ways of Working

1. We commit to clear priorities.
2. We never settle for good enough.
3. We love a challenge.
4. We do our best when we do things together.
5. We’re not afraid to fail.
6. We selflessly teach and willingly learn.
7. We believe good communication starts with good listening.
8. We are transparent about success and failure.
9. We celebrate successes and acknowledge efforts.
10. We think globally and act locally.

DynaEnergetics employees at Troisdorf, Germany facility
Our Sustainability Strategy

Sustainability is a cornerstone of DMC’s success, and drives our efforts to develop innovative, safe and efficient products for our markets, while protecting the interests of our current and future stakeholders. Sustainability guides our approach to business opportunities and operational risk and drives our efforts to improve efficiencies and reduce costs. Its influence is evident in our consistent improvements in operational performance and our exceptional employee safety record.

Sustainability also is a priority to our customers, who use our innovative technologies and products to improve the safety and efficiency of their businesses, and to mitigate the environmental impact of their operations. We take our customers’ goals and priorities very seriously, and these priorities are factored into our product design processes.

Our commitment to sustainability is important in attracting and retaining top talent and improving the productivity and effectiveness of our workforce. We are focused on creating a safe and supportive work environment for all our employees, adhering to well-defined corporate values, and encouraging diversity and inclusion.

Our focus on sustainability strengthens our relationships with the communities in which we operate and supports our approach to long-term value creation for our stakeholders.

We are committed to respecting and conserving environmental resources, and engage our local teams to carry out our commitments in these areas.

We are continuously innovating, progressing and deepening our internal dialogue to ensure DMC and its portfolio companies make a positive impact on the people and world around us.

DynaEnergetics Blum, Texas Facility
Sustainability Highlights 2021

COVID-19 Response
During 2021, COVID-19 continued to present challenges to the lives of our employees and to our operations. Our teams worked proactively in all of our jurisdictions to navigate local pandemic conditions, laws and regulations, and to implement related safety protocols and practices. Our operations teams also worked diligently and proactively to address labor, supply chain, transportation and other challenges. Highlights of our response efforts include:

• Continued adherence to recommended health and safety protocols
• Daily digital health and wellness surveys for the U.S. workforce to enable safe and efficient access to our workplaces
• Emphasis on employee assistance programs to help with mental health and stress
• Voluntary COVID-19 vaccine programs
• Increased use of social media and webinars to maintain communication with customers
• Conducted our first virtual Leadership and Sales Conference
• Mitigation of labor and supply chain impacts

Arcadia Acquisition
In December 2021, DMC acquired a 60% controlling interest in Arcadia. In addition to roughly doubling DMC’s annualized sales and adding more than $32 million in annualized adjusted EBITDA attributable to DMC, Arcadia added approximately 900 employees to the DMC family. It also more than doubled the size of DMC’s addressable markets.

We believe the increased scale of DMC will allow us to better absorb the costs and challenges of increasingly complex regulatory and business environments, while the diversification of our portfolio is expected to mitigate business, regulatory, climate and other relevant risks.

Arcadia joined DMC with three highly regarded businesses that serve distinct segments of the architectural building products market. The largest operates under the Arcadia brand, and provides exterior architectural framing systems, curtain and window walls, entrances, and sun control systems to the commercial buildings market. Arcadia’s manufacturing facilities in Vernon, California supply a network of service centers primarily located in the western and southwestern United States. The business primarily targets low and mid-rise buildings, and it serves a broad range of commercial markets that include offices, government and civic facilities, education, healthcare, retail, airports and warehouses. Many of these markets are countercyclical, generating steady demand during up and down cycles in the broader economy.

Wilson Partitions serves the commercial interiors market, and provides office framing products, doors and sliding systems. Wilson’s products are used principally in office construction and remodel projects, and are designed to address noise control and fire rating applications. Wilson is supported by manufacturing facilities in California, Texas and Connecticut.

Arcadia Custom serves America’s high-end residential real estate market, and provides custom, highly engineered steel, aluminum and wood windows and doors that are manufactured at its facilities in Tucson, Arizona; Vernon, California and Stamford, Connecticut. Arcadia Custom works closely with architects, contractors and installers, and typically participates throughout the planning and design phases of a custom home. It has established strong brand recognition based on reputation for unmatched quality and aesthetics in homes with both modern and traditional designs.

People
We completed our first pay equity study of U.S. employees in December 2021. We are working to expand our study to include non-U.S. and Arcadia employees for 2022.

We adopted our Diversity, Equity and Inclusion Policy in May 2021 to articulate our commitments in these areas.

Cybersecurity
We continued to advance our cybersecurity maturity. Key projects completed in 2021, include:

• Business continuity and disaster recovery assessment and process improvements
• Developed third-party risk management framework
• Implemented vulnerability management and incident detection and response tools and processes

Digitalization
DMC continued its digital transformation in 2021. DynaEnergetics launched its Digital Platform, which allows customers to configure and purchase DynaEnergetics products via an online e-commerce platform.
Sustainability Goals

Debt Reduction

The financing of the Arcadia acquisition included $150 million in borrowings under DMC’s new credit facility. DMC is focused on de-leveraging and building cash reserves to enhance DMC’s resiliency, invest in its existing businesses and allow flexibility to pursue growth opportunities.

Shareholder Returns

DMC’s objective is to deliver superior returns for our stakeholders by adhering to three key performance tenets:

- Maximize free cash flow through financial discipline
- Maximize return on invested capital by achieving operational excellence and making discerning investment decisions
- Invest in new technology, product and market development to drive sustained growth and increased profitability

Arcadia Integration

Our primary goal with respect to Arcadia is to continue to execute our integration plan, which includes building strong public company financial reporting and compliance processes and internal controls, as well as providing a supportive culture that empowers Arcadia’s employees to transform their business. In the ESG and sustainability areas, we are establishing teams and processes to enable monitoring and data collection. This will allow us to learn more about the Arcadia ESG opportunities and challenges associated with Arcadia and its customers.

Transparency, Reporting and Processes

We are continuing to build out our internal sustainability structures and initiatives, as well as our reporting framework and processes.

Fully Engage Facilities-Led Management Approach

The leadership and employees at each of our facilities are responsible for executing on the goals and values set forth in this Report. These teams are best positioned to look for new opportunities to improve our operational efficiencies and ESG approaches and results. Although we have historically relied on the input and efforts of our local teams in these areas, we believe it is time to formally recognize these contributions and fully engage and empower our local employees to move our ESG journey forward. DMC will actively support and encourage Facilities-Led Initiatives at all of our locations.

Environmental

We are committed to continuously improving our processes and practices to reduce the environmental impacts from our operations and products, as well as related impacts to our customers and communities. Our local teams will guide these efforts through Facilities-Led Initiatives, with support from DMC. Looking forward, we are committed to identifying industry associations and global frameworks to identify additional opportunities to reduce emissions and energy consumption.
People

Safety
DMC will establish goals and targets based on 3-year averages. It is our view that the performance of our safety program must be measured over a multi-year period. Trends for both Lost-Time Incident Rates (LTIR) and Total Recordable Incident Rates (TRIR) have shown positive progress over the last three years within the DynaEnergetics and NobelClad businesses, and DMC goals are set with the expectation of improving these averages in 2022.

We will advance the process of reviewing and assessing Arcadia health and safety programs and practices, with 2022 to serve as our baseline for setting future improvement targets for Arcadia.

Employee Engagement and Development
We are focused on cultivating a skilled, committed and engaged workforce, where employees feel valued and respected and have the right support and resources to be successful. We seek to build opportunities to engage more deeply with employees and are reviewing a range of training and development opportunities. We will monitor employee turnover as a key performance indicator in this area.

Diversity and Inclusion
We are furthering our diversity and inclusion efforts in 2022 with in-person training for our U.S. employees. In 2022, we are expanding our pay equity study to include non-U.S. and Arcadia employees.

Supply Chain
We are committed to strengthening our relationships and collaboration with our suppliers to ensure continuity of supply for necessary materials and products and to ensure alignment with our ethical sourcing commitments.

Cybersecurity
We continue to increase cybersecurity maturity across all DMC business units and geographies by standardizing cybersecurity tools and processes and implementing best-in-class cybersecurity solutions.

Accelerate Digitalization
DMC continues to invest in digital transformation. Key initiatives in 2022 include:

- Launching mobile versions of DynaEnergetics Digital Platform on iOS and Android
- Launching NobelClad Customer Portal allowing customers to view real-time order status and enabling on-line collaboration between NobelClad and its customers
- Upgrading NobelClad’s legacy ERP system to a new cloud-based digital platform
- Implementing new cloud-based, modern ERP platform at Arcadia (targeted to go-live February 2023)
**Our Sustainability Framework**

**Oversight of ESG and Sustainability**

Our management team is responsible for day-to-day management of ESG and sustainability matters and programs and has established an ESG committee to oversee those matters. The committee is comprised of senior executives from our operations, human resources, financial, legal and corporate communications teams. It reviews the ESG program (including the selection of our ESG commitments and our progress toward achieving those commitments) and approves our annual Sustainability Report.

The Chair of the ESG Committee (our EVP and Chief Legal Officer) reports to the Board and the Risk Committee of the Board on ESG matters on a regular basis (at least bi-annually). The Board reviews the Sustainability Report, our ESG commitments, as well as our progress towards those commitments.

The Risk Committee of the Board, as part of its mandate to oversee sustainability matters, oversees ESG risks. ESG risks are reviewed and compiled by management as part of the Enterprise Risk Management process, and then submitted to the Risk Committee for review on a quarterly basis. The Audit Committee reviews ESG matters as they relate to financial reporting and internal controls.

**Materiality**

The ESG Committee performed a materiality assessment, which identified topics materially important to our current operations and long-term, sustainable growth. Our review considered impacts and opportunities presented by regulatory and policy changes, market conditions, environmental issues and societal considerations.

The assessment informed the topics discussed in this report, and will help guide our sustainability strategy and priorities in the coming years.

As we continue to engage our investors, customers, suppliers and other key stakeholders, we will re-evaluate our materiality assessment as necessary.

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**Risk Management**

**Our Approach**

DMC recognizes that risk management is vital to its operations and has established an Enterprise Risk Management (ERM) process. The ERM process evaluates business risks and opportunities, ensuring that risks are appropriately identified, assessed against tolerance levels and managed across the Company. Our ERM team is comprised of senior management in key business areas and manages and implements the ERM process. The ERM team meets regularly and employs a proactive approach to reviewing and analyzing current and potential risks facing the Company. The team reports to the Risk Committee on a quarterly basis regarding risk assessments and mitigation efforts and progress.

We further discuss risk management as it relates to people and the environment, which can be found on pages 31 and 42, respectively.

**Stakeholder Engagement**

DMC is committed to building a successful and sustainable company for all our stakeholders.

These include DMC employees around the world, the local communities in which we operate, the markets we serve, and the investors that trust us to be a good steward of their financial resources. Engaging in meaningful dialogue with all stakeholders provides diverse perspectives on our businesses and operations, and how they impact our communities. We use this feedback to align our priorities with those of our stakeholders, and to identify where we can improve our performance.

**How We Define Our Stakeholders**

We define our stakeholders as those individuals or groups that affect our Company, as well as those that are or could be affected by DMC. These groups include investors, customers, suppliers, employees, the communities in which we do business, and associations.

**Investors**

DMC is committed to transparent communication and proactive engagement with the investment community, and believes these efforts are critical to enabling informed and objective assessments of our Company as an investment opportunity. We use a variety of avenues to engage with investors, including:

- Conference calls that follow each quarterly earnings release, providing a forum for greater context about our financial and operational performance, and an opportunity to address analyst and investor questions
- Investor conferences, where our executives deliver presentations on DMC, its financial and operational performance, and our near and long-term strategy
- One-on-one meetings conducted at conferences, DMC facilities and investor offices
- Site visits, which provide investors a first-hand view of our products, operations and facilities
- Road shows, in which DMC leadership travels to various U.S. and international financial markets to personally meet with investors and analysts
- In-bound calls, which we endeavor to promptly address
- Outreach, which involves proactively contacting investors and analysts who we believe will appreciate the DMC business model and strategy

During 2021, we conducted more than 100 in-person, virtual and telephonic investor and analyst meetings.
Customers and Suppliers
We engage with our customers and suppliers on the basis of honesty and transparency and focus on building collaborative and mutually beneficial partnerships. We work to understand the needs of each customer to ensure client satisfaction. This collaboration is key in developing new technologies and product offerings. Our suppliers are critical partners as we navigate challenging business environments and increasing governance and regulatory requirements. We support responsible sourcing of materials from suppliers that share our values, including with respect to conflict minerals and human rights, as outlined in our Conflict Minerals Policy and our Human Rights Policy.

Employees
Our employees are the key to our short-term and long-term success. They advance DMC’s values and goals every day by living and demonstrating our values, furthering innovation in our products and processes, solving problems and shaping our workplaces. We rely on our employees’ insights and expertise to guide our strategies and programs. The Board engages with our business unit management teams during our strategy and budget reviews. We regularly communicate with employees regarding new hires and promotions and material developments within the businesses. BOOM Times is a periodic publication distributed to all employees worldwide, which reports on key developments and initiatives and highlights the accomplishments of our teams and employees across the Company.

We seek to acknowledge our employees’ contributions through real-time recognition and feedback, as well as through more formal means such as the CEO Innovation Award and the Chairman’s Safety Award. Leadership teams throughout the organization host various training and team building events to further employee skill development, build connections among employees and create value alignment.

Communities
Our goal is to conduct our business operations in a socially responsible manner and engage our employees in their communities. Fundamental to our operations are the communities in which we do business. We believe in investing in and supporting our local communities and rely on the guidance of our leadership and employees at each facility to understand their community’s needs. Our local teams assess areas of support and involvement and organize initiatives to deploy resources in support of strong local community relationships.

Associations
DMC and our businesses are members of the following associations and organizations, which are strategic to our business:

- The Welding Institute
- Materials Technology Institute
- International Titanium Association
- The Rapid Advancement in Process Intensification Deployment Institute
- Colorado Oil & Gas Association
- The Institute of Makers of Explosives (IME)
- Chamber of Industry and Commerce (IHK Borx/Rhein/Sieg)
- Chamber of Industry and Commerce (IHK Ireland)
- German Blasting Association
- Federation of European Explosives Manufactures (FEEM)
- ASTM International (American Society for Testing and Materials)
- DVS German Welding Society and Allied Processes (DVS-Deutscher Verband Schweissen und verwandte Verfahren)
- Chamber of Commerce (IHK Dillenburg)
- Chamber of Commerce (IHK Koblenz)
- Chamber of Commerce (IHK Siegen)
- German Blasting Association (Deutscher Sprengverband)
- Employer’s Liability Insurance Association for Raw Materials and the Chemical Industry (BG RCI)
- Chamber of Foreign Trade (AHK)
- Society of Petroleum Engineers (SPE)
DMC’s businesses have established leadership positions in their respective industries, in large part by maintaining a consistent focus on technology and product innovation and constant improvement of products and processes. In addition to optimizing product safety and performance, an important objective of DMC’s businesses is to limit the environmental impact associated with manufacturing and deploying its products. We pursue innovation through in-house research and development, as well as collaborative partnerships with third parties. In 2021, we invested approximately $7.2 million in research and development and currently hold a total of 128 patents and 131 patent applications. Although innovation is typically associated with research and development, DMC believes innovative ideas can come from any functional area of a business. For instance, a new or improved manufacturing or business process can drive meaningful improvements in quality, efficiency or bottom-line performance.

DynaEnergetics transformed North America’s well perforating industry with its 2013 introduction of a patented, intrinsically safe initiating system that effectively eliminates the risk of inadvertent detonations of perforating systems. To date, approximately 4.8 million of DynaEnergetics’ IS2™ initiating systems have been deployed without a safety incident.

In 2015, DynaEnergetics commercialized its fully integrated DS perforating system. DS systems are shipped fully-assembled, just-in-time to the customer’s wellsite, reducing the number of people required on location, eliminating the need for explosive storage and assembly facilities, and minimizing the customer’s investments in inventory and supply-chain resources. DynaEnergetics estimates these benefits can save customers more than $200,000 per well in completion costs versus traditional component-based perforating products.

DynaEnergetics’ focus on safe manufacturing practices was acknowledged by the Institute of Makers of Explosives (IME), which in 2021 presented its Award of Safety to DynaEnergetics for its safety performance.

DynaEnergetics also instituted a series of new product designs and manufacturing processes during 2021. These initiatives focused on:

• Reducing the use of raw material, including plastic and steel
• Accelerating DS System assembly speed, which increases efficiency and decreases costs
• Reducing the quantities of wood and cardboard used in product packaging and transport
• Reducing noise levels on the manufacturing floor

The results of these initiatives will be reflected in a series of new products and manufacturing practices that will be introduced during 2022.

DynaEnergetics has reduced by 60% the direct labor hours required to assemble its DS Perforating Systems when compared to 2019 assembly rates. During 2021, DynaEnergetics launched several initiatives to streamline the manufacturing process for its DS system. These initiatives have reduced the direct labor hours required to assemble DS Systems by 60% compared to 2019 assembly rates.

Widespread adoption of the IS2™ and DS systems increased DynaEnergetics’ market share to more than 20%, from approximately 5% since its introduction.

DynaEnergetics has reduced by 60% the direct labor hours required to assemble its DS Perforating Systems when compared to 2019 assembly rates.

DynaEnergetics’ 2021 CEO Innovation Award recognizes outstanding innovation, whether through technology and product innovation or through improvements to manufacturing or business processes.
The composite metal plates produced by NobelClad are designed to improve the longevity, performance and safety of mission-critical capital equipment, such as pressure vessels, heat exchangers and reactors. NobelClad’s plates also reduce the quantity of expensive reactive metals required in the manufacturing of industrial processing equipment. The thickest layer in these plates is typically carbon steel, which provides structural integrity and requires significantly less energy to produce than reactive metals such as titanium and zirconium.

In 2021, NobelClad introduced DetaPipe™, a high-performance clad-metal pipe product designed for use in corrosive, high-temperature and high-pressure industrial-processing environments. The product is produced using a proprietary process that joins corrosion-resistant alloys, such as zirconium and titanium, to lower-cost, higher-strength base metals. DetaPipe™, which delivers greater fracture resistance compared to solid zirconium or titanium pipe, was developed in accordance with pipe manufacturing specifications set by the American Society of Mechanical Engineers. It also underwent a series of performance evaluations, including thermomechanical fatigue testing, by Paulin Research group, an independent third-party laboratory.

There has been strong commercial interest in DetaPipe™, which management believes could lead to a meaningful increase in sales during the coming years.

During 2021, NobelClad also began a research and development program focused on reducing greenhouse gas emissions associated with its explosion welding process. In addition, NobelClad’s composite metal plates are being evaluated for use in a variety of evolving alternative energy applications, including concentrated solar power, wind, hydrogen and geothermal.

Following its December 2021 acquisition of a controlling interest in Arcadia, DMC began the process of integrating Arcadia’s operations. Key elements in this process include identifying opportunities to enhance the safety and efficiency of Arcadia’s manufacturing processes, while also advancing its product and market-development programs. The integration process will continue into 2023 and will be followed by implementation of new safety programs and manufacturing best practices.
Corporate Governance Guidelines

DMC has adopted Corporate Governance Guidelines which are available at dmcglobal.com/investors/governance under Governance Documents. These guidelines were adopted by the Board of Directors to ensure that the Board has the necessary authority and practices in place to make decisions that are independent from management, that the Board adequately performs its function as the overseer of management, and to help ensure that the interests of the Board and management are aligned with the interests of the Company's stockholders. These guidelines are reviewed annually and were most recently re-issued in May 2021.

Our Board of Directors and Committees

The DMC Board of Directors oversees the management and governance of the Company. Our Board is committed to promoting the interests of the Company and its stakeholders while abiding by our Corporate Governance Guidelines. Our Board has the following four committees to assist in discharging its duties: Audit, Compensation, Corporate Governance and Nominating, and Risk. The Audit Committee oversees the integrity of the Company’s financial reporting and the internal controls around those processes, the Company’s compliance with legal and regulatory requirements and the financial risks of the Company. The Audit Committee oversees ESG and cybersecurity matters related to financial and internal control matters. The Audit Committee has four members, all of whom are independent.

The Compensation Committee oversees the Company’s executive compensation strategy and programs, incentive compensation arrangements and the evaluation of risks related thereto. The Compensation Committee has four members, all of whom are independent.

The Corporate Governance and Nominating Committee recommends director nominees and oversees governance matters of the Company, including primary oversight of the Code of Ethics and Business Conduct. The Corporate Governance and Nominating Committee has three members, all of whom are independent.

The Risk Committee oversees the Company’s level of risk, risk assessment, and risk management process, with particular responsibility for overseeing designated areas of risk that are not the primary responsibility of another committee. This includes oversight of the Company’s global Enterprise Risk Management process as well as the Company’s ESG and cybersecurity policies and practices. The Risk Committee has four members, three of whom are independent.

Each committee operates under a written charter, which sets forth the functions and responsibilities of the committee. A copy of the charter for each committee can be viewed on our website. Information about our corporate governance, including our Code of Ethics and Business Conduct and Corporate Governance Guidelines, is also on our website.

Business Ethics

Our Code of Ethics and Business Conduct (“Code of Ethics”) guides how we behave and conduct business. It sets forth the ethics, principles and standards that must be followed by each division, business and corporate function and applies to all employees, directors, suppliers, distributors, agents, independent contractors and anyone acting on our behalf. Employees and directors are required to certify annually that they have read, understand and will continue complying with the Code of Ethics.

Anti-Bribery and Anti-Corruption

Our Code of Ethics includes a summary of our Anti-Bribery Policy, which prohibits bribery and facilitating payments in all business dealings, in every country around the world, with governments, employees of state-owned companies, and the private sector—or anyone else whatsoever. We have internal controls and procedures addressing compliance-sensitive activities, such as travel and entertainment, charitable donations, and working with third parties to perform work. In addition to our Code of Conduct training that covers anti-corruption, we host periodic, specific Anti-Bribery training for employees based on their job function and responsibilities.

Political Advocacy

DMC’s Code of Ethics prohibits the use of company funds or assets for political contributions. In 2021, no DMC funds were paid as political or Political Action Committee contributions.

Privacy and Cybersecurity

DMC takes cybersecurity and data privacy very seriously. We are committed to individual rights to data protection and privacy, building digital trust through sound oversight of cybersecurity and data privacy protections and the responsible use of data and technology. We protect our digital systems and data through a cybersecurity management program. Oversight responsibilities for our cybersecurity and privacy programs and risks lie primarily with the Risk Committee of the Board of Directors, with Audit Committee oversight of cybersecurity matters related to financial and internal control matters. Our Board is actively engaged in the oversight of our cybersecurity program. Our Risk Committee receives quarterly reports on the Company’s cybersecurity program and developments from our Chief Information Officer at each of its regular Board meetings. These reports include analyses of recent cybersecurity threats and incidents across the industry, as well as a review of our own security controls, assessments and program maturity, and risk mitigation status. The Company has not experienced a material cybersecurity breach to date.
We leverage the National Institute of Standards and Technology (NIST) cybersecurity framework to drive strategic direction and maturity improvement. We also engage third party security experts for risk assessments and program enhancements, including ransomware vulnerability assessments, cybersecurity tabletop exercises, and internal phishing awareness campaigns. We also maintain information security risk insurance coverage.

To maintain and improve employee awareness of these risks, we provide information security trainings for employees who have relevant job functions. These trainings are e-learning programs, and they are conducted annually. We also require new hires to take these trainings as part of their orientation. Additionally, we perform phishing simulation testing numerous times each year, if necessary, employees are required to take a refresher course so they can better detect phishing emails.

**Compliance Training Program**

In order to further the values and commitments espoused in the DMC Code of Ethics and to ensure that our employees understand the importance of our Company policies and relevant laws and regulations, DMC maintains a Compliance Training Program. This program provides in person and e-learning training courses on important topics including, but not limited to, anti-discrimination, workplace harassment, conflicts of interest, electronic communications, cybersecurity, anti-bribery/anti-corruption and antitrust. These trainings are offered at various times throughout the year.

**Compliance Hotline**

We encourage all employees and those acting on our behalf to report conduct that violates, or in their good faith belief may violate, the Code of Ethics, the Company’s corporate policies or applicable laws. Violations or concerns can be reported through confidential and non-confidential reporting methods, as outlined in the Code of Ethics and our Whistleblower Policy. Our anonymous Compliance Hotline, which allows reporting by phone or via website, 24 hours a day. Website access is available in five languages, and phone access provided additional languages. All information is reviewed by our legal department and appropriate actions are taken. We do not tolerate retaliation against anyone who in good faith makes a report of a violation or potential violation.
Health & Safety

We prioritize the health, safety and wellbeing of our employees. Our Occupational Health and Safety (OH&S) management system is focused on maintaining a strong safety culture, stringent risk management and effective leadership. The system covers all global employees, regardless of employment type, and aligns to ISO 45001:2018 requirements.

Managing risks and upholding operational integrity across our Company is fundamental to our business success. All workplace accidents or key incidents are thoroughly investigated to identify root causes and we implement corrective actions, as necessary, to prevent future recurrences, losses, and interruptions to our operations.

We have dedicated health and safety plans with clear strategic objectives, key performance indicators, goals and annual targets in place to improve performance.

Risk Assessment and Mitigation
Each DMC business adheres to the local-level risk assessment laws and regulations relevant to their activities. Hazards and risks are continually identified, assessed and reviewed with the appropriate risk assessment methodology applied by OH&S management. Cross audits across business units are conducted to ensure objective review of OH&S performance.

To define risk mitigation measures, we use the following control hierarchy: a) elimination; b) substitution; c) engineering control; d) administrative control; e) personal protective equipment. However, each location follows a risk map and mitigation plan customized to the location’s activities and key processes.

Healthy Workplaces

The wellbeing of our employees is of utmost importance to the organization and DMC provides appropriate occupational health services for our various working environments. These services include air sampling, fit testing, audio testing, plumeria function testing and lead monitoring where appropriate. Employees also receive regular medical check-ups as required by local regulations.

External auditors conduct regular assessments of working conditions of certain DMC production facilities, mines and equipment.

We strive to create healthy and supportive working environments so our employees can thrive in and outside of DMC.

Active Employees

Many of our employees engage in active lifestyles and participate in local activities, DMC-sponsored teams and running clubs. Discounted gym memberships are also offered in select locations.

Healthy Eating

We encourage healthy eating choices through local, country-specific efforts. Our Blum, Texas facility is staffed with a third-party food service partner, and the Company subsidizes healthy breakfast and lunch options, while our European offices enjoy weekly produce deliveries.

Mindful Wellness

The mental wellbeing of our employees is as important as their physical health. As part of our Employee Assistance Program, U.S. employees have access to confidential counseling and legal services. Employees also have access to free annual biometric screenings at our U.S. locations. Additionally, financial education and wellness programs are offered throughout the year to help employees with retirement planning, unexpected health costs and overall financial planning.
As of the end of 2021, NobelClad Europe had achieved over 800 days without a Lost-Time Incident.

Our NobelClad Mt. Bradstock team has been reinforcing the application of safety concepts integral to the NobelClad culture and workplace to employees’ everyday lives. Using Toolbox Talks and Safe-Start Program meetings, NobelClad management shares strategies for mitigating driving-related risks and improving safety during home maintenance projects and activities.

Engaging Employees

DMC fosters a safety-positive culture that focuses on self-responsibility and care for others. We believe employee engagement is the most effective means to managing safety risks and performance. Each month, in our manufacturing facilities, an appointed cross-departmental safety committee comprised of employees and managers meets to provide feedback on observed safety risks, discuss risk mitigation and implementation of corrective actions to avoid future safety incidents.

Safety Performance

We provide valuable resources and training to cultivate a healthy and safe workplace for all employees.

Each division adopts and publishes a Global Quality, Health Safety and Environmental Policy, which acknowledges our commitment to meeting or exceeding all legal and regulatory obligations, legal and regulatory requirements and all applicable safety and environmental standards and regulations. Each location commits to continuous improvement initiatives, measuring key processes, setting and monitoring objectives and targets, employee training programs and conducting internal audits and incident investigations.

DMC provides regular occupational health and safety trainings for permanent, temporary and contract employees at our manufacturing facilities. This includes a safety orientation during new employee onboarding as well as ongoing monthly trainings specific to work-related hazards, hazardous activities, or hazardous situations. Additionally, daily 15-minute safety meetings are conducted before each shift to communicate reminders or tips about safety behaviors.

During 2021, DMC employees completed 27,833 hours of safety training, an average of 58 hours per employee.

Chairman’s Safety Award

Safety is embedded in the culture of DMC. Each year, DMC’s Board of Directors acknowledges excellence in safety by selecting a recipient of the Chairman’s Safety Award. The Risk Committee within DMC’s Board of Directors selects winners based on a review of nominations and supporting documentation. Nominations can come from anyone in the business, and nominees can be individuals, teams or locations. The annual award recognizes outstanding performance in the prevention of workplace injuries, efforts to enhance the safety of others, and demonstration of strong safety leadership in daily activities.

In 2021, NobelClad’s Liebenscheid, Germany manufacturing facility was selected to receive the Chairman’s Safety Award for its ongoing Lost Time Incident record and overall improvements in safety focus and incident reduction.

SafeStart

SafeStart was introduced to all global DynaEnergetics and NobelClad teams during 2019 and into 2020 as a resource for teaching Critical Behavior Inventories and Vocal/Visual techniques that can mitigate the most common human behaviors leading to accidents. The five-unit training program introduces safety awareness and helps with skill development in identifying the four states of mind that are most likely to cause injury: Rushing, Frustration, Fatigue and Complacency.

Safety Goals: Path to Zero

DMC will establish goals and targets based on 3-year averages. It is our view that the performance of our safety program must be measured over a multi-year period. Trends for both Lost-Time Incident Rates (LTIR) and Total Recordable Incident Rates (TRIR) have shown positive progress over the last three years within the DynaEnergetics and NobelClad businesses, and DMC goals are set with the expectation of improving these averages in 2022.

We will advance the process of reviewing and assessing Arcadia OH&S programs and practices, with the intention of setting goals for Arcadia in 2023.

COVID-19 Response

At DMC, the health and safety of our employees is our highest priority. In response to the pandemic, we organized global response teams to implement local health and safety measures while minimizing the impact on our operations. These measures include, but are not limited to, social distancing, mask requirements, heightened cleaning and disinfecting, health surveys and remote-work arrangements. We also utilize a variety of employee communication and collaboration tools to support a remote and socially distanced work environment.

DMC continues to monitor and update the Company’s COVID-19 precautionary and remedial measures in accordance with applicable guidelines and regulations. We also continue to work with our employees to ensure they are aware of current measures and understand how to prevent the spread of the virus.

Workforce

Equal Opportunity

We are an equal opportunity employer. Any decisions regarding employee hiring, compensation, development and promotions are based solely on merit, qualifications, ability and performance. We do not discriminate on any grounds, including race, age, gender, religion, color, national origin, disability or any other characteristic protected by law.

Policy Against Discrimination and Harassment

At DMC, we promote an inclusive work environment, and we believe that every employee deserves to have a workplace where they are treated with dignity and respect. We are committed to providing a positive work environment where our employees are free from unlawful discrimination, harassment and any behavior that creates a hostile or intimidating work environment. Our discrimination and harassment policy applies not only to DMC employees, but also non-employees, contractors and temporary employees.
Diversity and Inclusion
DMC believes that diversity is a very valuable resource within the workplace, and we respect and embrace different backgrounds, abilities, strengths, perspectives, and knowledge. Because we operate a global business, it is especially important that we attract employees with diverse backgrounds and the capability to address customer needs across the numerous cultures in the countries in which we operate. A substantial percentage of our employees, particularly in DynaEnergetics and NobelClad, live and work outside the U.S., providing our Company with global perspectives that contribute to DMC’s responsiveness, resiliency and vitality.

Our commitment to diversity and inclusion starts at the top with a highly skilled and diverse Board of Directors.

DMC encourages hiring and promotion practices that focus on top talent and high performers across a diverse population. DMC strives to provide all employees with a supportive work environment and the opportunity to improve their skills and advance their careers. Our culture promotes an inclusive, thriving workplace. We believe every employee deserves to work in an environment in which they are treated with dignity and respect and have their voices heard.

In 2021, we adopted a Diversity, Equity and Inclusion Policy, which provides:

- Establishment of a Diversity, Equity and Inclusion Policy
- Commitment to fostering a diverse, equitable and inclusive environment in which all employees are treated with dignity and respect.
- Leadership training and development programs.
- Employee voice and feedback mechanisms.
- Participation in industrywide diversity initiatives.
- Support for employee-led diversity groups.

Employee Engagement and Development
Our employees are the key to our success, and we strive to create a healthy and open environment where employees are engaged and acknowledged as important members of the DMC family. DMC engagement, recognition and development initiatives include:

- Publication of BOOM Times, an all-employee newsletter
- Company-wide employee communications on material developments and recognition events
- Invitation to all employees to join quarterly earnings calls
- Annual Sun Valley Sales and Leadership Conference
- CEO Innovation Award

- Chairman’s Safety Award and related recognition events with employees
- Culture rollout and events
- The DMC Board of Directors aims to schedule at least one meeting a year at or near manufacturing locations to facilitate Board tours and time with local employees

In addition to DMC corporate-led initiatives, our facilities organize their own employee engagement and training initiatives. These include:

- Our Blum, Texas DynaEnergetics HR team sponsors leadership training and has recently commenced a Women’s Leadership Event series.
- NobelClad leadership in our Broomfield, Colorado office keeps the office connected with impromptu Thursday Afternoon Club (ThAC) invitations.
- Employees in our Mt. Braddock, Pennsylvania NobelClad location engage in cross-training on different job functions, and certain employees have elected to pursue radiographic training courses and ultrasonic and penetrant examination courses.
- At our Troisdorf, Germany DynaEnergetics location, employees are offered training in English and German, and the facility has hosted Specialized Advanced Training in explosives usage and a Leadership Training Program.

DMC is committed to fostering a diverse, equitable and inclusive environment in which all employees are treated with dignity and respect. We believe that diversity of thought, experiences and background are critical to our success, and we seek to build and support a workforce that reflects the communities in which we operate. At DMC, we are committed to the success of all of our employees and strive to provide opportunities for growth and development for everyone.
Compensation and Benefits

We believe in compensating people competitively, fairly, and in alignment with our pay for performance philosophy. We work to ensure that our compensation programs are competitive and aligned with local markets through regular and robust benchmarking. We manage a global incentive bonus program that covers most salaried employees globally and seeks to align employee compensation with the Company’s financial and strategic metrics.

Equitable Pay

DMC strives to provide market-competitive, fair and equitable pay across our global operations. We completed our first pay equity study in the U.S. in 2021, which covered DMC corporate, NobelClad and DynaEnergetics employees. We work proactively to identify and address potential pay disparities and their underlying causes. We plan to continue this initiative with our European workforce and with our Arcadia employees in 2022.

Benefits

As a global company, our operations manage healthcare and benefits according to local laws and regulations, which vary by geography. Healthcare plans and life insurance are a core benefit of the Company and are provided at all locations globally. Our U.S. operations, which account for a majority of our employees, offer a comprehensive benefits package to full-time employees that includes the following:

- Comprehensive medical, dental and vision benefits for employees and covered dependents
- Employee Assistance Program
- Short- and long-term disability and life/accident insurance
- Pre-tax health savings plan
- Employer match of contributions to Safe Harbor 401(k)
- Employee Stock Purchase Plan
- Paid Time Off (PTO), paid holidays and parental leave
- Educational assistance program
- Annual health risk assessment

SUSTAINABILITY GOALS

SUSTAINABILITY GOALS

Human Rights

DMC’s Human Rights Policy

DMC is committed to good citizenship, and we believe that engagement with others improves the human condition. For our employees worldwide, DMC strives to assure safe and healthy work environments that respect workers’ rights and dignity and are free of discrimination, based on the more stringent of U.S. standards, local standards, or our corporate policies. We support the principles established under the United Nations Universal Declaration of Human Rights and do not condone or knowingly conduct business with any individual or company that participates in the exploitation of children (including child labor), physical punishment, forced or prison labor, human trafficking or any other abuse of fundamental human rights. We expect our business partners to be committed to these standards as well. DMC recognizes its responsibility to respect human rights and avoid complicity in human rights abuses.

DMC's Human Rights Policy acknowledges the broader human-rights-related commitments we have made in our Code of Ethics and other DMC compliance policies. The policy also reinforces our commitments in the following areas:

- Freedom of Association and Right to Collective Bargaining: We recognize and respect our employees’ right to join associations and choose representative organizations for the purpose of engaging in collective bargaining in a manner consistent with applicable laws, rules and regulations as well as local customs as appropriate.
- Policy Against Forced or Compulsory Labor: DMC does not utilize forced or compulsory labor. We recruit our employees and provide working conditions, including payment of wages and benefits that comply with applicable laws and regulations.
- Policy Against Child Labor: Throughout our worldwide operations, we prohibit the use of children in our workforce. All DMC employees are at or above the legal employment age in the control of their employment.
- Fair Labor: We compensate our employees competitively and operate in compliance with applicable wage, work hours, overtime and benefits laws and international labor standards.

Employee Stock Purchase Plan

The Employee Stock Purchase Plan (ESPP) provides U.S. employees with the opportunity to acquire ownership in the Company and have a stake in our success. Participants of the program are able to purchase stock based on the beginning or ending stock price in the period, whichever is lowest, with an additional 15% discount on the stock price. Enrollment is open twice a year and employees can invest up to 15% of their salary.

Educational Assistance Program

DMC’s Educational Assistance Program provides for the reimbursement of qualified educational expenses related to certain certification courses, undergraduate, graduate and post-graduate courses in accredited colleges or universities. Reimbursable educational expenses include costs of tuition, textbooks and required fees.
Anti-Bribery and Anti-Corruption

DMC recognizes the severe human rights implications that arise from corruption and bribery in all forms. We are committed to conducting our business with honesty and integrity and in full compliance with anticorruption and anti-bribery laws and regulations, including the U.S. Foreign Corrupt Practices Act and other laws that prohibit improper payments to obtain a business advantage. In furtherance of the foregoing, we have adopted an Anti-Bribery Policy applicable to our employees and all third parties working on DMC’s behalf and we conduct due diligence to proactively assess, identify, and prevent actual and potential corruption and bribery.

Conflict Minerals

DMC recognizes there are serious human rights abuses associated with the extraction, transportation, and trade of certain minerals and materials. We have always supported responsible sourcing of materials from suppliers that share our values, and we commit to avoid contributing to the conflict through our sourcing activity, as outlined in our Conflict Minerals Policy.

DMC is committed to complying with the requirements regarding the use of “Conflict Minerals” under Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”), and the related rules and regulations issued by the U.S. Securities and Exchange Commission (“SEC”). As required by the Dodd-Frank Act, the SEC has adopted rules requiring publicly traded companies to disclose whether they use tin, tantalum, tungsten, and gold (collectively “3TG”) that originated in the Democratic Republic of Congo (DRC) or an adjoining country and if so, to issue a report identifying certain information about the source of these conflict minerals. DMC, like many companies in our industry, requires some of these 3TG materials in the manufacturing of its products as they are necessary for the functional performance of the products. We do not purchase these metals directly from smelters or mines, so we must rely on the ethical sourcing of raw materials and ensuring safe and fair working conditions within our supply chain are important parts of DMC’s sustainability strategy. We expect our suppliers to be committed to the standards outlined in our Code of Ethics, in our Human Rights Policy and in our Conflict Minerals Policy. Suppliers are required to complete certain onboarding processes, which may include due diligence questionnaires, credit checks and compliance reviews, and are required to maintain certain ongoing compliance procedures.

Supply Chain

Our suppliers are critical partners in our businesses, and maintaining an ethical supply chain is essential to our success and sustainability. We operate an international network of manufacturing and distribution facilities and rely on a global supply chain for a broad range of raw materials, finished goods and services. The ethical sourcing of raw materials and ensuring safe and fair working conditions within our supply chain are important parts of DMC’s sustainability strategy. We expect our suppliers to be committed to the standards outlined in our Code of Ethics, in our Human Rights Policy and in our Conflict Minerals Policy. Suppliers are required to complete certain onboarding processes, which may include due diligence questionnaires, credit checks and compliance reviews, and are required to maintain certain ongoing compliance procedures.

Community

Through our facility-lead initiatives, our local teams organized the following projects in support of their communities:

- Our Mt. Braddock, Pennsylvania NobelClad team participated in fundraisers to support various local charities, including the Boy Scouts of America, and participated in the Charleroi Area High School Senior Mock Interview Process.
- Our Broomfield, Colorado DMC and NobelClad employees hosted its annual holiday gift drive for Precious Child.
- Our Blum and Whitney, Texas DynaEnergetics facilities supported various organizations throughout the year, including the White Bluff Volunteer Fire Department, the Blum Volunteer Fire Department, and participated in the Whitney High School Career and Mock Interview Day.
- Our Blum, Texas DynaEnergetics facility hosted job fairs throughout the year to introduce the community to employment opportunities at the company.
- Our Troidorf, Germany DynaEnergetics location engages in various fund-raisers throughout the year for local charities, including an annual food drive.
- Our Blum, Texas DynaEnergetics employees have recently organized an Employee Involvement Committee to give back to the local community.
- Our Broomfield, Colorado office started its partnership with the Aruppe Jesuit High School’s Corporate Work Study Program.

Partnering in Support of Education

In 2021, DMC’s corporate headquarters and NobelClad’s North American sales office, both in Broomfield, Colorado, became partners in Arrupe Jesuit High School’s Corporate Work Study Program (CWSP). The program provides economically disadvantaged students in north Denver with a college-preparatory education. Students train and mentor the employees in various departments, including sales, legal, finance and marketing. Employees trained and mentored the students, and also provided insight on how DMC businesses serve their customers and industries.

DMC and NobelClad have committed to continuing their partnership with Aruppe in 2022.
Environmental Policy

DMC recognizes its responsibility to the environment beyond legal and regulatory requirements. We are committed to reducing our environmental impact and continually improving our environmental performance as an integral part of our business strategy and operating methods. We encourage customers, suppliers and other stakeholders to do the same. DMC has adopted an Environmental Policy to articulate these commitments, which is available on our website at www.dmcglobal.com/Sustainability.

Consistent with our policy, we endeavor to comply with and exceed all relevant regulatory requirements, continually monitor and improve environmental performance, continually improve and reduce environmental impacts, increase employee awareness and training, incorporate environmental factors into business decisions and acknowledge these factors as an integral part of our operations. To further these commitments, our businesses consider all aspects of the company, including manufacturing and logistics, marketing, sales and customer use of products, energy and water consumption, travel, paper and office supplies and hazardous materials/waste disposal.

Under our facilities-based management approach, our local teams drive efforts to ensure compliance with laws and regulations, implement preferred practices and programs, explore opportunities for lowering environmental impacts and engage and broaden environmental awareness and understanding among employees. Our local teams work with senior DMC leadership to set goals and targets, establish initiatives and communicate the progress of these efforts. With the combined help of the DMC Global community, we are taking strides towards a greener tomorrow.

In 2021, we had zero environmental incidents.

Environmental incidents in 2021
0

Tons of Recycled Metals Used in 2021
2,658

Renewable Energy Used in 2021
20.9%

Renewable Electrical Use in 2021
6.9%
Risk Management

DMC is subject to broad range of risks related to environmental compliance and stewardship. We are subject to risks and opportunities related to climate change and the energy transition, and we commit to continually evaluating these risks and opportunities as a part of doing business and ensuring our sustainability.

Energy and Climate Change

Climate change and the societal and governmental responses to it are challenging companies around the world to adapt, and to not only identify and manage associated risks, but also find potential opportunities to contribute to solutions. These solutions may lead to more efficient and cost-effective products, new products or new businesses entirely. DMC’s businesses continue to explore these opportunities. These efforts include DynaEnergetics DynaSlot™ product initiatives and NobelClad’s efforts to evaluate the use of its composite metal plates for use in a variety of evolving alternative energy applications, including concentrated solar power, wind, hydrogen and geothermal.

Physical Risk Management

We review acute physical risks associated with the impacts of climate change, including extreme weather. Extreme weather events may include hurricanes, tornadoes, excess wind, rain or flooding or increased severity and frequency of extreme heat or cold. These variances may impact our business through resulting flooding, changes in road or work site conditions, damage to facilities or negative impacts on working conditions for our employees. These or similar events may affect our suppliers and customers and their respective employees. This may result in increased operating costs or decreases in revenue through disruptions at our facilities, in our supply chain, or customer locations; equipment damage and repair requirements; and increased insurance premiums. To manage extreme weather risks, we assess potential risks to our facilities and propose mitigating actions, and our local teams implement appropriate safety procedures and programs. Our insurance policies help mitigate the risk of loss of assets at our facilities.

Transition Risk Management

We also routinely monitor climate-related transition risks as part of our risk management process. These risks include policy and legal risks as they relate directly to our operations in various jurisdictions, which include current or proposed disclosure obligations with the U.S. Securities and Exchange Commission and environmental and climate-related regulations applicable to our manufacturing locations and processes. We are cognizant of the increased resources necessary to comply with these increasing regulatory and disclosure burdens. These impacts may directly increase our operating costs and may increase the costs of the materials we buy from our suppliers.

In addition, government policies and actions intended to combat climate change may contribute to secondary effects including increases in transportation costs, increasing fuel and energy costs and potential power disruptions at manufacturing locations. Regulations that limit oil and gas activity or restrict greenhouse gas (GHG) emissions and other similar events create preference for products outside of the traditional energy sectors and negatively impact the oil and gas industry and NobelClad and DynaEnergetics customers, thus reducing the demand for our products. We actively engage with our customers and other key stakeholders to understand their needs and concerns to inform our business sustainability and growth strategy.

Furthermore, we monitor the impact of potential reputational challenges that may arise due to our stage of engagement on climate issues and our focus on energy end-markets, particularly in DynaEnergetics. These challenges may involve our investors, employees, supplier and customer relationships and banking relationships.

We work to protect the environment, maximize the efficiency of our products and manufacturing processes, and manage our energy consumption, emissions, waste and water consumption. The first step in this process is developing appropriate reporting frameworks to allow analysis and future benchmarking and goal setting.

### 2021 ENERGY USE DATA

<table>
<thead>
<tr>
<th>METRIC</th>
<th>UNIT</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Energy Use (GJ)</td>
<td>82,576</td>
<td></td>
</tr>
<tr>
<td>Non-Renewable Energy Use (GJ)</td>
<td>76,892</td>
<td></td>
</tr>
<tr>
<td>Non-Renewable Energy Use %</td>
<td>93.1%</td>
<td></td>
</tr>
<tr>
<td>Renewable Energy Use (GJ)</td>
<td>5,686</td>
<td></td>
</tr>
<tr>
<td>Renewable Energy Use %</td>
<td>6.9%</td>
<td></td>
</tr>
<tr>
<td>Total Electrical Use (kWh)</td>
<td>7,546,357</td>
<td></td>
</tr>
<tr>
<td>Total Electrical Use (non-renewable) (kWh)</td>
<td>5,066,936</td>
<td></td>
</tr>
<tr>
<td>Total Electrical Use (non-renewable) %</td>
<td>79.1%</td>
<td></td>
</tr>
<tr>
<td>Total Electrical Use (renewable) (kWh)</td>
<td>1,578,371</td>
<td></td>
</tr>
<tr>
<td>Total Electrical Use (renewable) %</td>
<td>20.9%</td>
<td></td>
</tr>
<tr>
<td>Total Natural Gas Use (non-renewable) (MCF)</td>
<td>40,824</td>
<td></td>
</tr>
<tr>
<td>Total Gasoline/Diesel/LPG Fuel Use (non-renewable) (Gal)</td>
<td>88,683</td>
<td></td>
</tr>
</tbody>
</table>

#### GHG EMISSIONS AND INTENSITY

<table>
<thead>
<tr>
<th>UNIT</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct GHG (Scope 1) TCO2e</td>
<td>3,210</td>
</tr>
<tr>
<td>Indirect GHG (Scope 2) TCO2e</td>
<td>4,290</td>
</tr>
<tr>
<td>Emissions Intensity TCO2e/$ of Revenue</td>
<td>0.00003</td>
</tr>
</tbody>
</table>

*1 Emissions in total metric tons of CO2 equivalents* 

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Managing our Energy Use and Emissions

We recognize responsible operations are critical to our long-term sustainability and performance. Our local teams through our Facilities Led Initiatives review key energy use and emissions impacts at their facilities and structure and implement appropriate responses. Our efforts to manage our energy use and emissions include, but are not limited to:

- Our DynaEnergetics operations teams in Texas and Troisdorf, Germany are undertaking several initiatives focused on reducing energy usage across our facilities, which include upgrading insulation, upgrading lighting, centrally controlling heating, assessing points of high energy usage in production and repurposing work areas to reduce our energy usage into 2023.
- DMC sought to maximize operating efficiencies through consolidation of facilities from 2012 to 2021, with the number of manufacturing and distribution facilities decreasing from 29 to 8. DMC will review the operating footprint of our newly acquired Arcadia business and consider potential opportunities to improve operational and energy efficiency.
- We actively consider co-locating company facilities and common processes where feasible to minimize GHG impacts.
- Evaluate lighting systems for upgrade improvement opportunities.
- Identify low impact energy providers where geographically available.
- Energy efficient and green energy alternatives are considered in the design of new or remodeled office spaces and manufacturing locations.
- We are evaluating options to reduce emissions from our fleet vehicles.

Looking forward, we are committed to continually improving our operations to minimize our environmental footprint and seeking out industry associations and global frameworks to identify additional opportunities to reduce emissions and energy consumption.

Waste

We have begun tracking waste quantities at all of our manufacturing locations.

### 2021 WASTE QUANTITIES

<table>
<thead>
<tr>
<th>WASTE TYPE</th>
<th>UNIT</th>
<th>TOTALS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metals (Recycled)</td>
<td>Tons</td>
<td>2,658</td>
</tr>
<tr>
<td>Wood (Recycled)</td>
<td>Tons</td>
<td>75</td>
</tr>
<tr>
<td>Cardboard (Recycled)</td>
<td>Tons</td>
<td>144</td>
</tr>
<tr>
<td>Plastic (Recycled)</td>
<td>Tons</td>
<td>37</td>
</tr>
<tr>
<td>Hazardous Materials</td>
<td>Tons</td>
<td>9,986</td>
</tr>
<tr>
<td>Landfill</td>
<td>Tons</td>
<td>317</td>
</tr>
</tbody>
</table>

Our local teams are responsible for assessing and minimizing waste at their facilities. They tailor their efforts in light of waste produced, local resources and local recycling options. These efforts include:

- Our Blum, Texas DynaEnergetics facility has engaged an outside resource to assess recycling opportunities and approaches to reduce landfill waste.
- Our DynaEnergetics team is implementing various processes to reduce the use of raw material, including plastic and steel and the quantities of wood and cardboard used in product packaging and transport.
- Our Mt. Braddock, Pennsylvania NobelClad facility has implemented a study to determine economical methods to separate clad scrap into their unique alloys, allowing for greater recycling opportunities. The information gained by this study will be applied at both NobelClad manufacturing facilities.

Water Usage

We track water usage (withdrawal) at our manufacturing and material office locations.

### WATER WITHDRAWAL

<table>
<thead>
<tr>
<th>METRIC</th>
<th>UNIT</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>DMC Consolidated</td>
<td>Cubic meters</td>
<td>18,060</td>
</tr>
</tbody>
</table>

With the scope-in of Arcadia, we plan to use 2022 as our baseline in order to assess our water usage and analyze potential opportunities to address water consumption and disposal-related risks.
### Energy Consumption

<table>
<thead>
<tr>
<th>Type</th>
<th>Unit</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>DMC Global Consolidated</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diesel</td>
<td>gallons</td>
<td>79,102</td>
</tr>
<tr>
<td>Gasoline</td>
<td>gallons</td>
<td>6,560</td>
</tr>
<tr>
<td>Natural Gas</td>
<td>therms</td>
<td>433,360</td>
</tr>
<tr>
<td>Non-renewable electrical use</td>
<td>kWh</td>
<td>5,965,936</td>
</tr>
<tr>
<td>Renewable electrical use</td>
<td>kWh</td>
<td>1,078,971</td>
</tr>
<tr>
<td>Total electrical use</td>
<td>kWh</td>
<td>7,545,327</td>
</tr>
</tbody>
</table>

**Energy Consumption**

<table>
<thead>
<tr>
<th>Type</th>
<th>Unit</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>DMC Global Consolidated</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total (Scope 1)</td>
<td>TCO2e/$ of Revenue</td>
<td>0.00032</td>
</tr>
<tr>
<td>Total (Scope 2)</td>
<td>TCO2e/$ of Revenue</td>
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**GHG emissions**

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<tr>
<td>Total Direct (Scope 1)</td>
<td>TCO2e</td>
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**Waste Quantities**

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<td>plastics</td>
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<td>Hazardous Materials</td>
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**Water Withdrawal**

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<tr>
<td>Total (Scope 1)</td>
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**Workforce Safety**

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<td>Total Recordable Cases (TRI)</td>
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<td>9</td>
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<td>Total Severity Rate</td>
<td>18</td>
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<td>Near Miss Reports</td>
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**DMC NobleClad**

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<td>Total Lost Workdays (LTW)</td>
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<tr>
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<td>Total Near Miss Frequency Rate (NMMFR)</td>
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**DMC NobleClad AME**

<table>
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<td>Total Lost Workdays (LTW)</td>
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**DMC NobleClad Europe**

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<td>0</td>
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<tr>
<td>Total Recordable Cases (TRI)</td>
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<tr>
<td>Total Lost Workdays</td>
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<td>Total Lost Workdays (LTW)</td>
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*Figures calculated based on 30,000 hours worked.
## Workforce Demographics

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<tr>
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<td>503</td>
<td>463</td>
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<td>67%</td>
<td>69%</td>
<td>70%</td>
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<tr>
<td>Female %</td>
<td>33%</td>
<td>31%</td>
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<tr>
<td><strong>Salary</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Male %</td>
<td>76%</td>
<td>79%</td>
<td>73%</td>
</tr>
<tr>
<td>Female %</td>
<td>24%</td>
<td>21%</td>
<td>27%</td>
</tr>
<tr>
<td><strong>Hrly</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male %</td>
<td>65%</td>
<td>62%</td>
<td>68%</td>
</tr>
<tr>
<td>Female %</td>
<td>35%</td>
<td>38%</td>
<td>32%</td>
</tr>
<tr>
<td><strong>Full-time Employees</strong></td>
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<td></td>
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</tr>
<tr>
<td>Male %</td>
<td>70%</td>
<td>72%</td>
<td>70%</td>
</tr>
<tr>
<td>Female %</td>
<td>30%</td>
<td>28%</td>
<td>30%</td>
</tr>
<tr>
<td><strong>Part-time Employees</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male %</td>
<td>9%</td>
<td>8%</td>
<td>8%</td>
</tr>
<tr>
<td>Female %</td>
<td>91%</td>
<td>92%</td>
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<td><strong>Temporary/Contract Employees</strong></td>
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<tr>
<td>Male %</td>
<td>78%</td>
<td>76%</td>
<td>100%</td>
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<tr>
<td>Female %</td>
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<td>66%</td>
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<tr>
<td>Female %</td>
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### Breakdown by Region

#### North America

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<tr>
<td>Male %</td>
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<tr>
<td>Female %</td>
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<td>25%</td>
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<tr>
<td><strong>Salary</strong></td>
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</tr>
<tr>
<td>Male %</td>
<td>65%</td>
<td>62%</td>
<td>71%</td>
</tr>
<tr>
<td>Female %</td>
<td>35%</td>
<td>38%</td>
<td>29%</td>
</tr>
<tr>
<td><strong>Hrly</strong></td>
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<tr>
<td>Male %</td>
<td>71%</td>
<td>58%</td>
<td>78%</td>
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<tr>
<td>Female %</td>
<td>29%</td>
<td>42%</td>
<td>22%</td>
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<tr>
<td><strong>Full-time Employees</strong></td>
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</tr>
<tr>
<td>Male %</td>
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<td>76%</td>
<td>75%</td>
</tr>
<tr>
<td>Female %</td>
<td>25%</td>
<td>24%</td>
<td>25%</td>
</tr>
<tr>
<td><strong>Part-time Employees</strong></td>
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</tr>
<tr>
<td>Male %</td>
<td>11%</td>
<td>8%</td>
<td>8%</td>
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<tr>
<td>Female %</td>
<td>89%</td>
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<tr>
<td><strong>Temporary/Contract Employees</strong></td>
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<td></td>
</tr>
<tr>
<td>Male %</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Female %</td>
<td>90%</td>
<td>90%</td>
<td>90%</td>
</tr>
<tr>
<td><strong>New Hires</strong></td>
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</tr>
<tr>
<td>Male %</td>
<td>75%</td>
<td>86%</td>
<td>87%</td>
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<tr>
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## General Disclosures

### Disclosure Index

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<td>a. DMC Global Inc.</td>
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<td>Activities, brands, products, and services</td>
<td>a/b. Company Overview, pages 6-8; Products and Innovation, pages 22-24; Form 10-K, Business, pages 1-10</td>
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<td>Location of headquarters</td>
<td>a. 11800 Ridge Parkway, Suite 300, Broomfield, Colorado 80021</td>
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<td>Location of operations</td>
<td>a. DMC conducts business in 80 countries and has significant operations in the U.S. and Germany; Form 10-K, Business, pages 1-16</td>
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<td>a. Form 10-K, Business, page 1</td>
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<td>102-6</td>
<td>Markets served</td>
<td>a/b. Company Overview, pages 6-8; Form 10-K, Business, pages 1-16</td>
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<td>a/b. Company Overview, pages 6-8; Form 10-K, Business, pages 1-16</td>
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<td>Information on employees and other workers</td>
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<td>Supply chain</td>
<td>a. People, Supply chain, page 36</td>
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<td>a. Form 10-K, Business, pages 10-11; e/i not applicable; a/i Data not available</td>
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<td>102-12</td>
<td>External initiatives</td>
<td>a. People, Human Rights, Page 37</td>
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<td>102-13</td>
<td>Membership of associations</td>
<td>a. Our Sustainability Framework, Associations, page 21</td>
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<tr>
<td>102-14</td>
<td>Statement from senior decision-maker</td>
<td>a. Letter from our CEO, page 4</td>
</tr>
<tr>
<td>102-15</td>
<td>Key impacts, risks, and opportunities</td>
<td>a. Letter from our CEO, page 6; Form 10-K, Risk Factors, pages 14-31</td>
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<td>Values, principles, standards, and norms of behavior</td>
<td>a. Company Overview, pages 6-8; Our Sustainability Framework, page 11</td>
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<td>Mechanisms for advice and concerns about ethics</td>
<td>a/b. Governance, Business Ethics, pages 27-29</td>
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<td>102-18</td>
<td>Governance structure</td>
<td>a/b. Governance, pages 25-26; 2022 Proxy Statement, pages 16-20</td>
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<td>102-20</td>
<td>Executive-level responsibility for economic, environmental, and social topics</td>
<td>a/b. Our Sustainability Framework, p. 18</td>
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<td>102-21</td>
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<td>a. Stakeholder Engagement, page 19-21; b. 2022 Proxy Statement Corporate Governance, Communications with the Board, page 20</td>
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<td>102-22</td>
<td>Composition of the highest governance body and its committees</td>
<td>a/i/a. 2022 Proxy Statement, Board of Directors, page 16-16</td>
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<td>102-23</td>
<td>Chair of the highest governance body</td>
<td>a/b. 2022 Proxy Statement, Board of Directors, Board Leadership Structure, page 14</td>
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<td>102-24</td>
<td>Nominating and selecting the highest governance body</td>
<td>a/b. 2022 Proxy Statement, Corporate Governance, Director Nominations, page 18</td>
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<td>102-26</td>
<td>Role of highest governance body in setting policies, values, and strategy</td>
<td>a. Our Sustainability Framework, pages 18-19</td>
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<tr>
<td>102-27</td>
<td>Collective knowledge of highest governance body</td>
<td>a/b. Our Sustainability Framework, pages 18-19</td>
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<td>Evaluating the highest governance body’s performance</td>
<td>a/b. 2022 Proxy Statement, Annual Board Assessments, page 20</td>
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<td>Identifying and managing economic, environmental, and social impacts</td>
<td>a/b. Our Sustainability Framework, page 18-19</td>
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Review of economic, environmental, and social topics

202-31

Our Sustainability Framework, Risk Management, page 18

Highest governance body’s role in sustainability reporting

202-32

Our Sustainability Framework, Risk Management, page 18

Communicating critical concerns

202-33

2020 Proxy Statement, 2021 Say on Pay Results and Shareholder Engagement, page 30; Communication with the Board, page 20

Remuneration policies

202-35

a.b. 2022 Proxy Statement, Director compensation, pages 47; Executive compensation, pages 27-46

Process for determining remuneration

202-36


202-37

Stakeholders’ involvement in remuneration

a.b. 2022 Proxy Statement, 2021 Say on Pay Results & Shareholder Engagement, page 30

202-38

Annual total compensation ratio

a.b. 2020 Proxy Statement, CEO Pay Ratio, page 48

202-40

List of stakeholder groups

a.b. Our Sustainability Framework, Stakeholder Engagement, pages 19-21

202-41

Collective bargaining agreements

a. None

202-42

Identifying and selecting stakeholders

a.b. Our Sustainability Framework, Stakeholder Engagement, page 19

202-43

Approach to stakeholder engagement

a.b. Our Sustainability Framework, Stakeholder Engagement, pages 19-21

202-44

Key topics and concerns raised

a.b. Our Sustainability Framework, Stakeholder Engagement, pages 19-21

202-45

Entities included in the consolidated financial statements


202-46

Defining report content and topic boundaries

a.b. About this Report, page 3

202-47

List of material topics

a.b. Our Sustainability Framework, page 18

202-48

Restatements of information

a. None

202-49

Changes in reporting

a. Expansion on certain topics, including governance, water, energy, waste. Reset baseline for 2021 on all environmental metrics.

202-50

Reporting period

a. January 1, 2021 to December 31, 2021

202-51

Date of most recent report

a. March 2021

202-52

Reporting cycle

a. Annual

202-53

Contact point for questions regarding the report

a. ghigh@dmcglobal.com

202-54

Claims of reporting in accordance with the GRI Standards

about this report, page 3

202-55

GRI content index

a.b. GRI Index, pages 51-57

202-56

External assurance

a.b. None

Explanation of the material topic and its boundary

Our Sustainability Framework, page 18

The management approach and its components

a.c. Sustainability Goals, pages 14-17; Our Sustainability Framework, pages 18-19

Evaluation of the management approach

a.b.-c. Our Sustainability Framework, pages 18-19

Direct economic value generated and distributed

a.b. Data not available

202-1

Financial implications and other risks and opportunities due to climate change

a.b. Environmental, pages 41-66

202-2

202-3

202-4

202-5

Environmental, Water usage, page 44

Environmental, Water usage, page 44

Environmental, Water usage, page 44

Environmental, Water usage, page 44

Environmental, Water usage, page 44
DIVERSITY AND EQUAL OPPORTUNITY

405-1 Diversity of governance bodies and employees
People, Women at DMC in 2021, page 35

405-2 Ratio of basic salary and remuneration of women to men
Data not available

NON-DISCRIMINATION

406-1 Incidents of discrimination and corrective actions taken
Data not available due to confidentiality constraints

CHILD LABOR

409-1 Operations and suppliers at significant risk for incidents of child labor
a. Data not available
b. People, Human Rights, page 37

FORCED OR COMPULSORY LABOR

409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor
a. Data not available
b. People, Human Rights, page 37

SECURITY PRACTICES

410-1 Security personnel trained in human rights policies or procedures
Data not available

RIGHTS OF INDIGENOUS PEOPLES

411-1 Incidents of violations involving rights of indigenous people
None known

HUMAN RIGHTS ASSESSMENT

412-1 Operations that have been subject to human rights reviews or impact assessments
Data not available

412-2 Employee training on human rights policies or procedures
Data not available

412-3 Significant investments agreements and contracts that include human rights clauses or that underwent human rights screening
a. Data not available

LOCAL COMMUNITIES

413-2 Operations with significant actual and potential negative impacts on local communities
Not applicable

SUPPLIER SOCIAL ASSESSMENT

416-1 New suppliers that were screened using social criteria
Data not available

416-2 Negative social impacts in the supply chain and actions taken
Data not available

PUBLIC POLICY

415-1 Political contributions
a. b. Not applicable. DMC does not make payments to political parties.

CUSTOMER PRIVACY

418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data
a. 0 substantiated complaints received concerning breaches of customer privacy.
b. 0 identified leaks, thefts, or losses of customer data.

SOCIOECONOMIC COMPLIANCE

419-1 Non-compliance with laws and regulations in the social and economic area
a. 0 material legal actions, if any, are reported in our Form 10-K, legal proceedings, and financial statements and supplementary data.
Use of Non-GAAP Financial Measures

Adjusted EBITDA, adjusted net income, and net debt are non-GAAP (generally accepted accounting principles) financial measures used by management to measure operating performance and liquidity. Non-GAAP results are presented only as a supplement to the financial statements based on U.S. generally accepted accounting principles (GAAP). The non-GAAP financial information provided is to enhance the reader’s understanding of DMC’s financial performance, but no non-GAAP measure should be considered in isolation or as a substitute for financial measures calculated in accordance with GAAP. Reconciliations of the most directly comparable GAAP measures to non-GAAP measures are provided in our Annual Report on Form 10-K for the year ended December 31, 2021.

EBITDA is defined as net income plus or minus net interest plus taxes, depreciation and amortization. Adjusted EBITDA excludes from EBITDA stock-based compensation, restructuring and impairment charges and, when appropriate, other items that management does not utilize in assessing DMC’s operating performance. Adjusted net income is defined as net income plus net interest plus restructuring and impairment charges and, when appropriate, other items that management does not utilize in assessing DMC’s operating performance. Net debt is defined as total debt less cash and cash equivalents. None of these non-GAAP financial measures are recognized terms under GAAP. Management believes that these measures can still be useful in evaluating the company’s operating performance if the measures are presented without such items because, unlike cash expenses, these adjustments do not affect DMC’s ability to generate free cash flow or invest in its business. For example, by adjusting for depreciation and amortization in computing EBITDA, users can compare operating performance without regard to different accounting determinations such as useful life. In the case of the other items, management believes that investors can better assess the company’s operating performance if the measures are presented without such items because their financial impact does not reflect ongoing operating performance.

Management uses adjusted EBITDA in its operational and financial decision-making, believing that it is useful to eliminate certain items in order to focus on what it deems to be a more reliable indicator of ongoing operating performance. As a result, internal management reports used during monthly operating reviews feature adjusted EBITDA measures. Management believes that investors may find this non-GAAP financial measure useful for similar reasons, although investors are cautioned that non-GAAP financial measures are not a substitute for GAAP disclosures. In addition, management incentive awards are based, in part, on the amount of adjusted EBITDA achieved during relevant periods. EBITDA and adjusted EBITDA are also used by research analysts, investment bankers and lenders to assess operating performance. For example, a measure similar to adjusted EBITDA is required by the lenders under DMC’s credit facility.

Net debt is used by management to supplement GAAP financial information and evaluate DMC’s performance, and management believes this information may be similarly useful to investors.
Cautionary Statement Regarding Forward Looking Statements

This report contains “forward-looking statements” within the meaning of section 27A of the Securities Act of 1933 and section 21E of the Securities Exchange Act of 1934. We intend the forward-looking statements throughout this report to be covered by the safe harbor provisions for forward-looking statements. Statements contained in this report which are not historical facts are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from projected results. These statements can sometimes be identified by our use of forward-looking words such as “may,” “believes,” “plan,” “anticipates,” “estimates,” “expect,” “intend,” and other phrases of similar meaning. Such statements include our future plans and commitments regarding ESG and sustainability generally, our plans for deleveraging and building cash reserves and to deliver superior returns to our investors, our Arcadia integration goals and plans, our plans to complete pay equity studies for Arcadia and non-US employees and our cybersecurity and digitalization goals. The forward-looking information is based on information available as of the date of this report and on numerous assumptions and developments that are not within our control. Although we believe that our expectations as expressed in these forward-looking statements are reasonable, we cannot assure you that our expectations will turn out to be correct. Factors that could cause actual results to differ materially include, but are not limited to, those factors referenced in our Annual Report on Form 10-K for the year ended December 31, 2021 and such things as the following: geopolitical and economic instability, including economic recessions or depressions; inflation; supply chain delays and disruptions; the availability and cost of energy; transportation disruptions; the ability to obtain new contracts at attractive prices; the size and timing of customer orders and shipments; product pricing and margins; our ability to realize sales from our backlog; fluctuations in customer demand; fluctuations in foreign currencies; competitive factors; the timely completion of contracts; the timing and size of expenditures; the timely receipt of government approvals and permits; the price and availability of metal, aluminum, and other raw materials; fluctuations in tariffs or quotas; changes in laws and regulations, both domestic and foreign, impacting our business and the business of the end-market users we serve; the adequacy of local labor supplies at our facilities; current or future limits on manufacturing capacity at our various operations; our ability to successfully integrate Arcadia and future-acquired businesses; the impact of pending or future litigation or regulatory matters; the availability and cost of funds; our ability to access our borrowing capacity under our credit facility or access the capital markets; global economic conditions; and wars, terrorism and armed conflicts. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management’s analysis only as of the date hereof. We undertake no obligation to publicly release the results of any revision to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.