

ENVIRONMENTAL POSITIONING STATEMENT

THE ENVIRONMENT.

Arc-Com believes that running a successful business and protecting the environment are complementary endeavors. Arc-Com's environmental initiatives, which are designed for effectiveness and transparency, are focused on **"Our Planet, Our Stakeholders, and Our Company."** For decades, we have focused on developing products with recycled materials, reduced chemistries and we have endeavored to ship on carbon neutral platforms. Our commitment to reducing our environmental footprint is ongoing and we will continue to take further actions to protect Our Planet.

OUR PLANET.

Arc-Com is committed to making positive contributions to protect Our Planet. We have one Earth that we share. Our resources are finite and need to be used wisely. Change is never instantaneous - it is a frontward moving process, and we are looking forward. By 2023, Arc-Com will be shipping all products carbon neutral, and our operating culture and procedures will have fully adopted a circular economic model, wherever possible. To Arc-Com, environmental initiatives are not about marketing, they are about making positive, environmentally progressive decisions in everything we do.

DEDICATED TO CLIMATE ACTION TO PROTECT OUR PLANET.

Our business model is to design, manufacture and distribute performance materials. Arc-Com recognizes that greenhouse gas emissions come from our facilities, inbound and outbound trucking shipments, business travel, and waste. Annually, we assess our operational footprint in accordance to the greenhouse gas protocols and reduce and or offset our emissions by investing in carbon reduction projects.

Arc-Com evaluates carbon projects for their robust, eco-friendly, and social benefits, and seeks to bring new renewable energy or carbon-reduction projects, while simultaneously supporting communities globally.

In 2022, we began purchasing carbon offsets for our inbound and outbound shipments. We either purchase offsets on our own through Carbonfund.org or via carrier-based programs such as Carbon Neutral Shipping via United Parcel Service. We also have assessed the footprint of the vehicles that our Account Executives drive. While we cannot mandate electric vehicle ownership, we do offer incentives to drive EVs and all combustion engine miles are included in our offset purchases.

OUR STAKEHOLDERS.

We hope that you share our desire to evolve our industry in a way that is both beneficial and prudent. We are spending the time and capital required, but we are not making rash decisions that will only look good on paper. We are assessing opportunities to reduce chemistries and manufacturing efficiencies, but we will not make hasty decisions that lead to refuse that will accumulate in landfills or support organizations that tout environmental benefits that are in fact inefficient and wasteful of our collective resources.

OUR COMPANY.

Embracing climate action requires Arc-Com to fundamentally assess every aspect of our business on an ongoing basis. Below are some of the aspects of what we do every day to minimize our impact on our environment.

Product Development.

Arc-Com is dedicated to developing products with reduced environmental impact. We offer products with rapidly renewable content, recycled content and reduced chemistries that can contribute to LEED® v4.1 Criteria, WELL Building Standard and Living Building Challenge Certifications.

The Arc-Com website contains product search criteria for the following:

GreenScreen, HHI/Practice Greenhealth, recycled content, California Prop 65 compliant, Facts Certified, LBC Red List free, Antimicrobial additive free, Phthalate free, Fluorocarbon free (PFOA, PFOA, PFAS free), Flame retardant free/AB-2998 compliant, Made in the USA.

Product Innovation.

Arc-Com/Seaqual®

Arc-Com has an ongoing commitment to the Seaqual Initiative, which is a unique collaborative community helping to fight marine plastic pollution. The Seaqual Initiative collaborates with NGO's, fisherman, researchers, scientists, authorities, brands and manufacturers to clean our oceans of marine litter.

Arc-com offers products that use the Seaqual yarn, which contains approximately 10% Seaqual® Marine Plastic and 90% post-consumer plastic from land sources. Seaqual® Marine Plastic is made from marine litter retrieved from our oceans, beaches, rivers and estuaries. In choosing to develop textile products containing Seaqual® Marine Plastic, Arc-Com is not only helping to clean our oceans but also to move our society towards a more circular economy. Arc-Com is proud to participate in the Seaqual Initiative.

Arc-Com Enforce®

In 2022, Arc-Com launched a new wall protection product that has enhanced durability, cleanability and is a new PVC-Free (non-vinyl) construction that utilizes water-based inks. The product was designed to be easy to install and provide a higher degree of protection for higher traffic areas. Additionally, unlike most other Type II wall covering, Enforce provides any facility with the ability to clean with stronger disinfecting cleaning agents, enhancing the wellness and overall effectiveness of cleaning protocols in facilities where Enforce is installed.

CONTRIBUTING TO THE COEXISTENCE OF HEALTH, WELLNESS AND THE ENVIRONMENT.

Product Certification/Chemical Transparency.

GreenScreen.

Arc-Com has a growing number of products that are GreenScreen Certified.

GreenScreen Certified™ is an independent, non-profit certification standard that promotes the use of PFAS-free and preferred chemicals in products and manufacturing. GreenScreen® for Safer Chemicals is a globally recognized chemical hazard assessment method designed to identify chemicals of high concern and safer alternatives and evaluates a chemical against 18 human and environmental health factors.

Kaiser Permanente, as stated by Joel Sigler, National Director Environmental Health & Safety, **“will integrate GreenScreen certification requirements into contractual agreements with furniture and fabric suppliers.”** Kaiser Permanente is one of the nation's largest not-for-profit health plans, serving 12.5 million members with 39 hospitals and 216,000 employees.

Arc-com can also provide Health Product Declaration (HPD's) for most of our products as well Material Safety Data Sheets (MSDS).

X-Static® Silver Antimicrobial Technology.

Arc-Com has developed a proprietary yarn that can be woven into certain textiles like privacy curtains that

enables institutions to reduce waste and enhance the standard of resident safety and care (when incorporated into an effective infectious disease prevention protocol). This proprietary yarn, called X-Static®, is inherently antimicrobial without any added chemistry or nanotechnology. This 99.9% pure silver yarn is woven into our privacy curtains and drapery so it is visibly present and permanent. The silver layer is the key to X-Static®'s powerful antimicrobial properties as it creates an ionic shield that permanently inhibits the growth of bacteria and fungi to protect the curtain. These curtains can be laundered in commercial laundries without any degradation of physical performance, efficacy or the fabric's appearance. The antimicrobial technology is constantly working and our third-party testing shows significant, timely reduction in microbials on soft surfaces, without risk to patients or to our environment.

We believe X-Static® is perfectly aligned with the directives of designers, facility managers, infectious disease and financial professionals, who want a cost effective, easy to use product that looks good and contributes to an effective infectious disease prevention protocol for patients and or residents. Many healthcare institutions have been removing woven privacy curtains in favor of disposables. These disposables wind up in landfills and the waste created has been, and will continue to be, staggering (assuming healthcare institutions change disposable curtains with reasonable regularity). Changing out disposable curtains is absolutely critical for an effective infectious disease protocol. Many institutions do not follow the recommended change-out protocols associated with disposables. The costs of disposables, when changed-out with reasonable regularity, becomes so significant over the normal life span of an X-Static® woven curtain that the woven curtain is meaningfully cheaper to own and operate while remaining consistently effective against microbes and reducing waste. Our X-Static® curtains are not harmful for the environment – washing an X-Static® privacy curtain releases less silver ions into the environment than a single sterling silver teaspoon in a dishwasher. There is no landfill impact, up to 50% of the silver used in the manufacturing process of X-Static® is recycled and the curtains can be recycled at the end of their useful lives.

We developed and deployed this technology because it addresses the meaningful issues related to privacy curtains present in a healthcare operating environment. X-Static® can enhance an infectious disease protocol and reduce harmful waste, creating a solution that is not only safe but cost effective and environmentally sound.

Manufacturing.

We manufacture in facilities all over the world. Where possible, we direct our production to facilities that have embraced sustainability and operate with minimized environmental footprints. This includes facilities that:

utilize renewable energy sources,

- eliminate any harmful pollutants from entering the environment,
- practice and promote recycling and the use of recycled or upcycled materials,
- avoid materials that contain harmful chemistries, and
- embrace a circular economic model.

Distribution Operations.

At our headquarters, we utilize sustainable working practices to benefit the environment. We will continue to assess and develop sustainable solutions in all aspects of what we do.

- All plastic and paper waste is recycled. All of Arc-Com's shipping packaging is recyclable.
- Arc-Com uses sustainable and eco-friendly materials where possible such as wood pallets and corrugated packaging. We reuse pallets we receive and those that are not reusable are recycled. Most of our corrugated packaging is made of recycled or partially recycled corrugated material. All of our corrugated is recyclable,

which reduces the environmental impact of these packaging materials. Our used corrugated and damaged pallets are sent to a local recycling center.

- Discontinued fabric and sampling manufacturing remnants are either recycled or sold wholesale to distributors all around the world for upcycling. Upcycling our products ensures that our products are repurposed to create other valuable products, without landfill waste. For example, discontinued fabric and wallcovering patterns that are removed from our line are sold and can be used to manufacture retail goods.

CARBON OFFSET PROJECTS/COMMUNITIES WE SUPPORT.

Arc-Com supports three types of carbon offset projects; each plays an important role in the fight against climate change.

The carbon reduction projects we support "Globally" include:

Energy Efficiency. Energy efficiency projects reduce energy use now, providing the most cost-effective ways to reduce carbon emissions.

Forest Conservation. Reforestation/forest preservation carbon offset projects sequester CO₂ emissions from the atmosphere in trees and soil and have many co-benefits for communities and local wildlife.

Renewable Energy. Wind, solar, hydro, methane reductions - reduce carbon emissions today, spur investment in clean technologies, and help create a low-carbon economy tomorrow.

Arc-Com/Carbonfund.org Collaboration.

Arc-Com is meeting environmental and climate goals by purchasing carbon offset projects from Carbonfund.org. Carbonfund.org Foundation is a US-based, 501(c)(3), environmental non-profit organization that provides climate change, education, and financial support to greenhouse mitigation projects.

Carbonfund.org is leading the fight against climate change; making it easy for organizations to reduce and offset their climate impact and accelerate the transition to a clean energy future. Carbonfund.org achieves its goals through climate change education and sponsorship of carbon reduction projects.

Arc-Com/National Forest Foundation Collaboration.

Arc-Com is a partner of the National Forest Foundation. The National Forest Foundation restores ecosystems in the United States through on-the-ground conservation, unites American communities to improve our National Forests and Grasslands, sustains the ability of individuals and communities to serve as stewards of these lands, and engages Americans in the enjoyment and restoration of our treasured landscapes.

A portion of the proceeds from sales of Enforce PVC-Free Wall Protection will support the National Forest Foundation. One roll of Enforce PVC-Free Wall Protection results in one tree planted by the National Forest Foundation.

Arc-Com/ItsAllAboutTheLoveAgain.org Collaboration.

Arc-Com has partnered with a charity who's mission is educating and offering sustainable opportunities for under privileged geographies to support future generations. A portion of the proceeds of our Heritage Collection is donated to ItsAllAboutTheLoveAgain.org, a charity that builds schools, hospitals and infrastructure in the Burkina Faso region of West Africa.

THE FUTURE.

Arc-Com will continue to do everything we can to make sure our Company makes decisions to drive positive social and environmental impact. By 2023, all of our shipping, packaging and sales activities will be carbon neutral. Arc-Com will continue to evolve our participation in the circular economy, further reducing our carbon footprint. Arc-Com is committed to developing beautiful performance products with reduced impact on our environment.