



*Technologies Limited*



Sustainability Report 2021

# Sustainability Report

## 2021

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Powering the EV revolution.

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*“Sustainable Operations require the benefits of diversity at all levels of our organization, a focus on all of our stakeholders, and above all, a safe and healthy work environment.”*

- Darren Kirk, CEO

Exco Technologies Limited is a global supplier of innovative technologies servicing the die-cast, extrusion and automotive industries. Through our 16 strategic locations in 7 countries, we employ approximately 4,900 people and service a diverse and broad customer base.

Exco was founded on a commitment to excellence, a culture of entrepreneurship, and a dedication to ethical business practices. Environmental, Social and Governance (ESG) factors are an integral part of our strategic decision making and capital allocation decisions. Our growth profile is strong, driven by increasing adoption of electric vehicles and broader environmental sustainability trends, and Exco continues to position itself as the leader in innovation in vehicle lightweighting and sustainable production processes. Meanwhile, we recognize that our people are the most critical resource for our success. This view drives

our commitment to upholding workers' rights, maintaining superior health and safety performance, and supporting diversity.

Our ESG strategies and priorities are built upon our core values and are designed to ensure that Exco achieves its vision – to be the benchmark for innovation, efficiency and quality in the industries we serve. Looking at our business strategies through the ESG lens is critical to our success in the world where investors, consumers and regulators are increasingly concerned with issues of environmental and social sustainability. We also understand that as a business, we cannot thrive in a world that is torn by social strife and environmental disasters. As such, it is essential to us that we are doing our part in building a global society where human rights are respected, the environment is preserved for future generations, and institutions are healthy and strong.

## ALIGNMENT WITH SUSTAINABLE DEVELOPMENT GOALS

In thinking of our business model alignment with broader social and environmental objectives, we look to the United Nations Sustainable Development Goals (SDGs) to provide a roadmap for prioritizing our initiatives and projects. The United Nations General Assembly established the SDGs in 2015 as part of a sustainable development agenda to be achieved by 2030. They identify 17 most pressing social and environmental issues, which have been endorsed by all 193 United Nations Member States in 2015. We look to SDGs and their related targets in order to help us define and prioritize our own sustainability agenda. We think of our business activities and opportunities from the perspective of broad social and environmental challenges identified by the SDGs. We then look to mitigate any negative social and environmental impacts of our operations, and seek to identify opportunities to contribute to the resolution of social challenges. Although we do not prioritize

projects that would exist solely to advance the UN's 2030 Agenda, we seek to create a symbiotic, positive and harmonious relationship between our own goals and the sustainable future. We believe that such alignment is ultimately good for our business and for our growth, as it helps us manage our costs and maximize our business opportunities in a sustainability-oriented marketplace.



## OUR CORE VALUES

- **Safety:** We strive for all our employees to go home unharmed.
- **Entrepreneurial spirit:** Our culture fosters idea generation and risk taking.
- **Excellence:** We set the standard for high quality craftsmanship.
- **Integrity:** We expect honesty and transparency in all our dealings.
- **Accountability:** We empower our people to make decisions and reward them accordingly.
- **Inclusion:** We believe that a diverse workforce delivers the best results.
- **Social responsibility:** We are focused on a sustainable future through implementation of our ESG strategic priorities.

## OUR ESG STRATEGIC PRIORITIES

- **Marketplace:** Leader in innovation for vehicle lightweighting and sustainable production processes.
- **Environment:** Responsible use of resources, including energy efficiency, waste management, use of recycled materials and a focus on clean energy.
- **People:** Diversity and inclusion, health and safety, training and development, fair labor practices.
- **Society:** Giving back to local communities.
- **Governance:** Board diversity and balanced oversight.

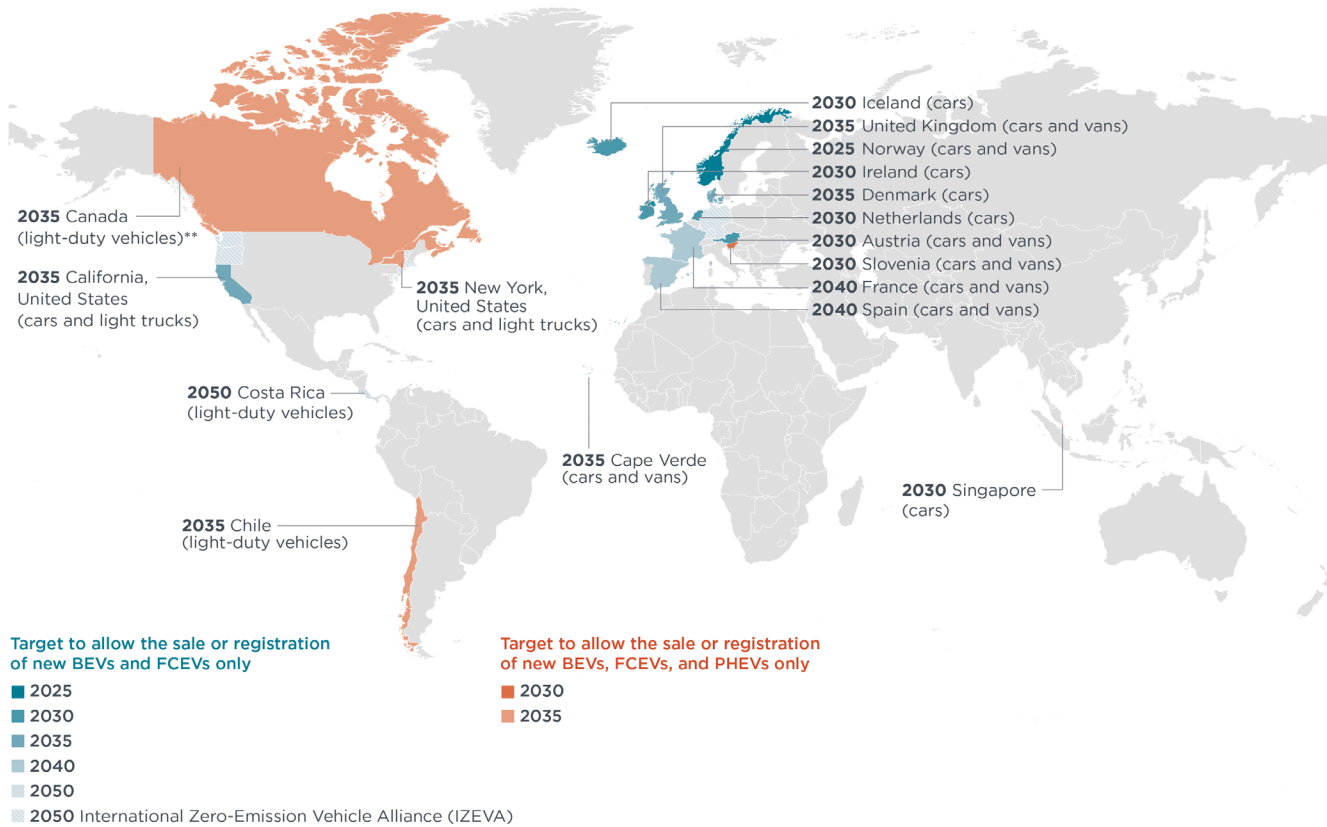
# MARKETPLACE

As a global provider of innovative components and solutions to the industrial and automotive markets, Exco has an important role to play in the decarbonization of the global economy and in accelerating collective action on climate change mitigation. In particular, in the automotive sector, Original Equipment Manufacturers (OEMs) continue to move towards electric vehicles and to make their vehicles lighter for higher fuel efficiency. Exco's products form an integral part of this industry transformation.

The global car fleet already looks different today than it did merely a decade ago, with electric vehicles capturing a growing market share, diesel engines in continued decline, and vehicles becoming much more

fuel efficient. Following a decade of growth, 10 million electric cars were on the roads globally in 2020, while electric car registrations increased by 41% that year, despite worldwide car sales dropping 16% as a result of the pandemic. Conventional internal combustion engine vehicles are meeting increasingly robust fuel efficiency targets worldwide. Governments around the world continue to tighten emission requirements, offer incentives to improve fuel efficiency, and encourage adoption of EVs. These factors will continue to drive forward the ongoing transformation of the sector – a trend that plays to Exco's strengths and offers opportunities for growth.

## Governments with official targets to 100% phase out sales or registrations of new internal combustion engine light-duty vehicles (passenger cars and vans/light trucks) by a certain date\* (Status: October 2021)



\* Includes countries, states, and provinces that have set targets to only allow the sale or registration of new battery electric vehicles (BEVs), fuel cell electric vehicles (FCEVs), and plug-in hybrid electric vehicles (PHEVs). Countries such as Japan with pledges that include hybrid electric vehicles (HEVs) and mild hybrid electric vehicles (MHEVs) are excluded as these vehicles are non plug-in hybrids.

\*\* The Canadian province of British Columbia has set its 2040 target into binding regulation; the Canadian province of Québec has also set a target for 2035.

Source: The International Council on Clean Transportation

## ALIGNMENT WITH SUSTAINABLE DEVELOPMENT GOALS

Over 70% of the ultimate customers we serve are automotive OEMs. The automotive sector has a major role to play in sustainable development, with clean transport being an integral part of the United Nations' Sustainable Development Goals (SDGs), particularly for SDG 11 and SDG 13.

The decarbonization of the transportation sector will be critical to the achievement of the Paris Agreement, which has an objective of "holding the increase in the global average temperature to well below 2 °C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5 °C above pre-industrial levels" (IEA, 2019). Today, transport accounts for around one-fifth of global carbon dioxide emissions, of which almost half is attributable to passenger vehicles and roughly a third to freight trucks. Meanwhile, the next several decades will see significant

growth in global transport demand due to population growth and rising standards of living. Despite this projected growth, the International Energy Agency's Sustainable Development Scenario calls for continued decline in transport-related carbon emissions, with virtually no direct CO<sub>2</sub> emissions attributable to passenger cars by 2070. To align with this trajectory, many automotive OEMs are setting aggressive fuel efficiency and emission reduction goals. Continued innovation and major technological advancements are essential to making this transformation, and Exco's products are a key part of meeting this challenge.



## EXCO IS A LEADER IN VEHICLE LIGHTWEIGHTING TECHNOLOGY

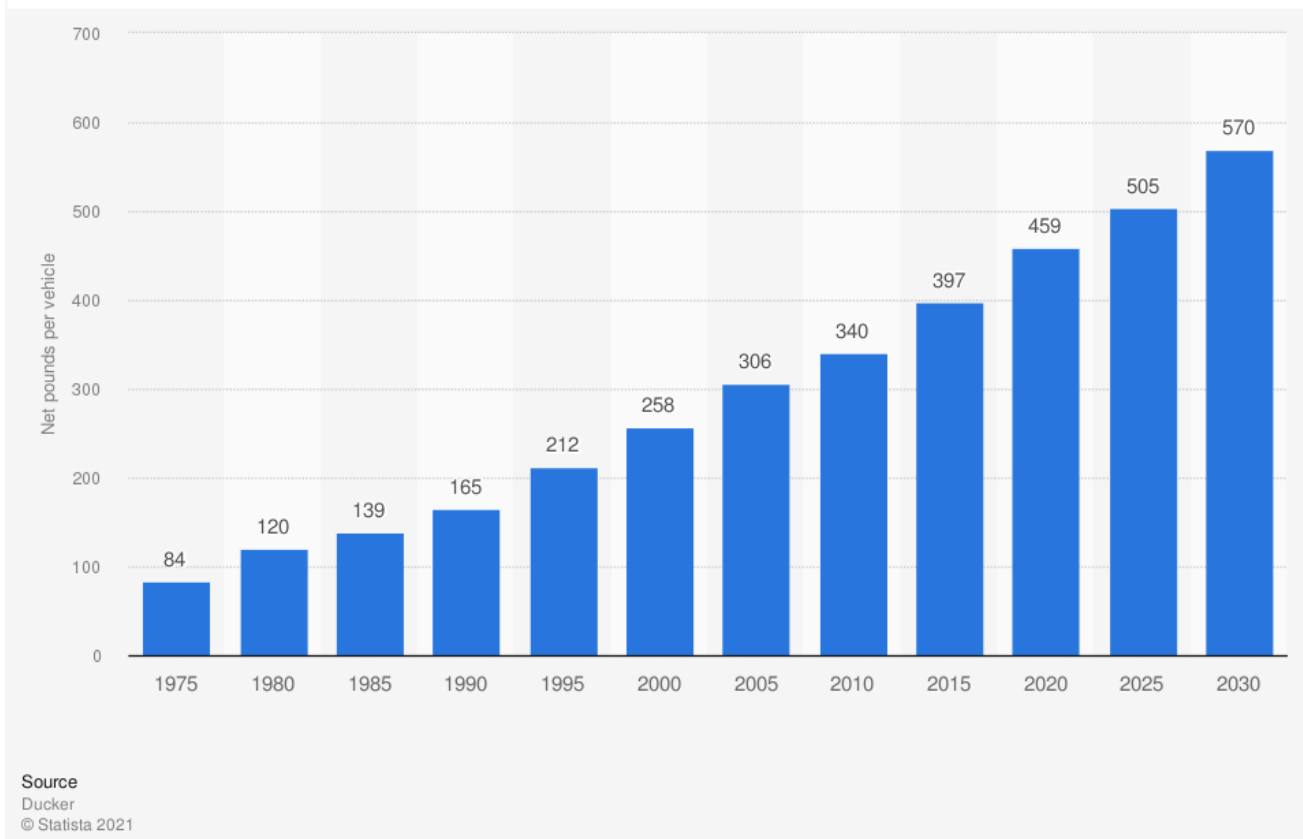
As the automotive industry adapts to ever-tightening fuel efficiency standards, lightweight metals are increasingly displacing steel in order to make conventional (internal combustion engine) vehicles more environmentally friendly. Exco's Casting and Extrusion segment, which comprises roughly 40% of our revenues, is especially well positioned to benefit from this ongoing transition, as it is a leading producer of tools that shape aluminum and magnesium and does not manufacture tooling for steel components. Electric vehicles also make extensive use of aluminum components to reduce weight and therefore maximize battery range, which will require a significant amount of tooling to support the growth in such vehicles. This growth is expected in the application of both the extrusion and die-casted components over the next several years according to a number of independent market studies.

Historically, some of the main applications of die castings in the automotive industry have been for powertrain components including transmission housings and engine blocks. Most of the innovation needed to achieve emission reductions implied by SDGs must come

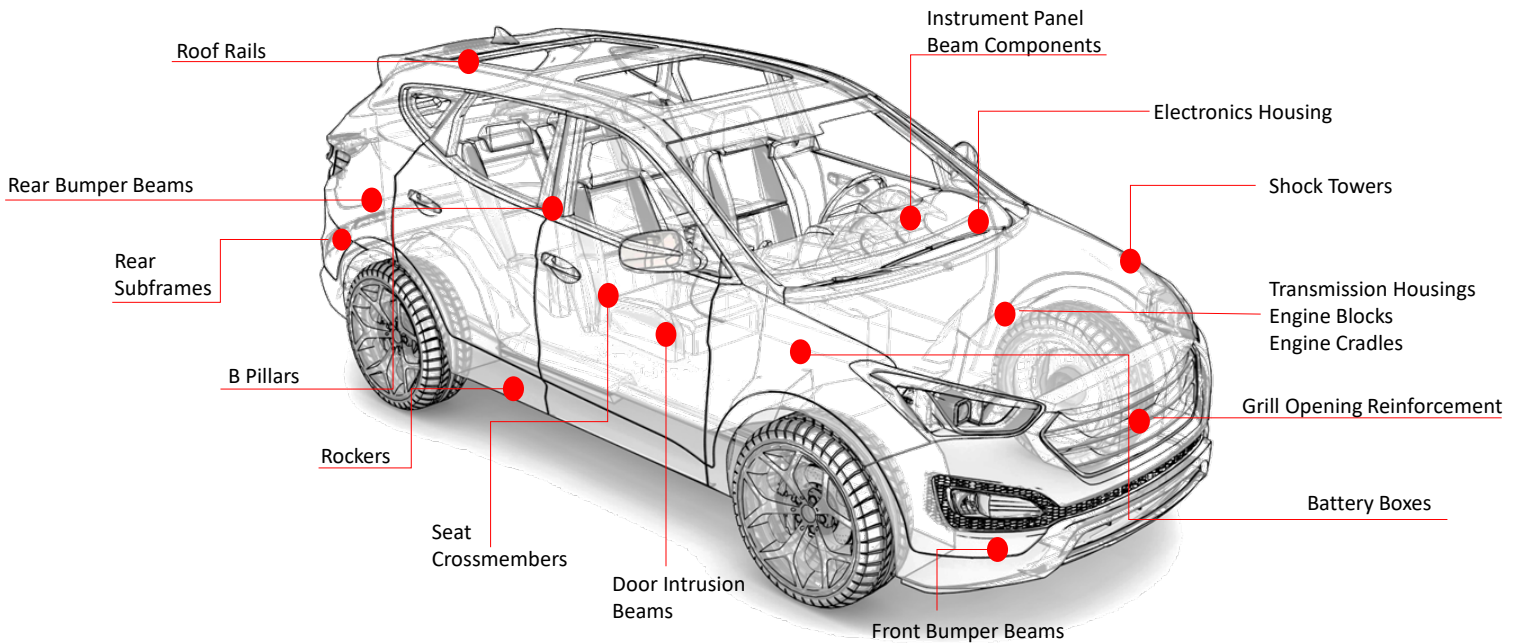
from improvements to these components. The move from 5 and 6 speed automatic transmissions to 8, 9 and 10 speed automatic transmissions, in redesigned form, will continue to dominate the North American powertrain landscape well into and beyond 2025. As well, four and three-cylinder engines will also increase in dominance over larger engine blocks (such as V6 and V8). Exco plays an important role in this process in several ways:

- 1) The transition to newer powertrain components requires new tooling, which must be designed and manufactured, driving up demand for tooling generally.
- 2) OEMs increasingly require these tools to be delivered in a much shorter lead time than the past, creating an advantage for vertically integrated and local providers such as Exco.
- 3) The tools will need to be rebuilt throughout their useful lives, creating additional recurring revenue streams. As we engineer dies to have the capability to be rebuilt and reused several times over their life span, their useful life is extended and waste is minimized.

### Aluminum consumption in light vehicles in North America from 1975 to 2030 (in net pounds per vehicle)



**Both Internal Combustion Engine and Electric Vehicles are using an increasing number of extruded and die-cast aluminum components to reduce weight**



OEM's are complementing powertrain improvements with other lightweighting initiatives in order to achieve their emission reduction goals. Most significantly, various steel components in the structure of the vehicle are being replaced with extruded and die-cast light-weight metals such as aluminum and magnesium. This is driving up the demand for the tooling Exco provides to make components such as instrument panels, shock towers, and bumper beams, to name a few. As mentioned above, EV's, in particular, make extensive use of light metals in their structures to keep the vehicle light and therefore maximize the range of the battery.

More recently, die-cast aluminum components and associated tooling has been increasing significantly in both size and complexity. Tesla has pushed the envelope in this regard, using die casting machines (so-called Giga Presses) that are much larger than those used previously. This enables Tesla to cast entire subframes of the vehicle (so-called Giga castings) rather than assembling numerous stamped metal components in the body shop, creating significant manufacturing efficien-

cy gains. The tooling required to facilitate this process is much larger and more complex, limiting the number of players able to compete effectively. We expect traditional OEMs will ultimately follow Tesla's lead over time in using these larger die-cast machines, and we are making significant additional investments in our people, equipment and processes to remain a leading supplier in this market.

Our Automotive Solutions group, which manufactures products for the interior passenger compartments and trunks of vehicles, is also a contributor to vehicle lightweighting trends. Exco's Automotive Solutions segment typically makes products that are lighter in weight than competing products. For example, Neocon offers lightweight material options that are an ideal fit for vehicles regardless of powertrain, be it ICE, hybrid or electric. By incorporating a foaming additive during the extrusion process and creating air voids in the base layer, Neocon created a thermoplastic rubber (TPR) product that is 45% lighter than a traditional thermoplastic elastomer (TPE) injection molded alternative.

## OUR PRODUCTS ALIGN WITH BROADER SUSTAINABILITY TRENDS

### WE ENABLE ENERGY AND MATERIAL EFFICIENCY IN THE INDUSTRIES WE SERVE

Our Castool division designs, manufactures and sells consumable tooling components and related capital equipment for light metal die cast machines and extrusion presses globally. Castool has evolved their systems to provide less expensive, longer lasting, more energy efficient and safer products. The group focuses on making components and accessories that will increase the customers' tooling life while ensuring less scrap and energy consumption. In doing so, we promote a higher energy and material efficiency in the value chain of production, while the same service is being delivered to the end-consumer.

### WE INCORPORATE RECYCLING THROUGHOUT PRODUCT LIFE CYCLE

As circular economies become the new gold standard, Neocon is working on programs with their OEM customers that allow products to be recaptured at the end of their life to properly recycle them and reintroduce the original raw material back into the supply stream.

Our engineers also initiated trials with a new sustainable bio-based material derived from advanced waste conversion (i.e. keeping materials out of landfills). The polymer is blended with existing thermoplastic rubber (TPR-NT) structures at 15-20% and thus creates a CO2 reduction environmental benefit. If producing 1 kg of polypropylene (PP) for

example adds 2.8 kg of CO2 equivalent to the atmosphere, then substituting 1 kg of climate positive material reduces the CO2 equivalent footprint by 11.8 kg. This trend is just taking hold in Europe and once fully tested and developed, Neocon is looking to lead the way with its CO2 reduction products. Various OEMs have been introduced to the concept with great appeal due to their own ESG initiatives.

### WE UPHOLD THE HIGHEST STANDARDS FOR PRODUCT SAFETY

Our Automotive Solutions segment manufactures products for the interior passenger compartments and trunks of vehicles. While many are convenience products, they must still be carefully engineered to meet the highest safety standards. The flexible storage and leather products must meet flammability, ultraviolet degradation, fogging/ gassing and elasticity specifications. Flexible restraint systems are designed and tested as safety restraining devices which include technically demanding requirements. Instrument panels, door panels and sun visor parts all undergo very rigorous crash and UV testing. Steering wheel wrapping products are tested for reaction to human skin oils and various hand cream and lotions as these are in constant contact with the steering wheel wrapping. Commitment to highest safety standards is embedded throughout our production processes, with high quality craftsmanship being one of Exco's core values. Exco's products have never been subject to recall.



#### ***Incorporating Post Consumer Recycled Material***

*We have successfully produced our first generation sheet of TPR-NT with 10% post consumer material (ISO 14021 certified) in the base layer.*

*This equates to keeping almost 63,000 pounds of plastic out of our landfills, based on average cargo tray sales of 250,000 units.*



#### ***Converting Waste Into Climate Positive Materials***

*Where there are people, there is waste ... 2 billion tons of household waste is generated each year, and this number is expected to double by 2050.*

*To help combat this, Neocon has initiated development to add a revolutionary climate positive compound to our all weather TPR-NT that is 100% derived from upcycling of landfill destined waste (everything from food residues and mixed plastics to cardboard and paper).*

## ALIGNMENT WITH SUSTAINABLE DEVELOPMENT GOALS

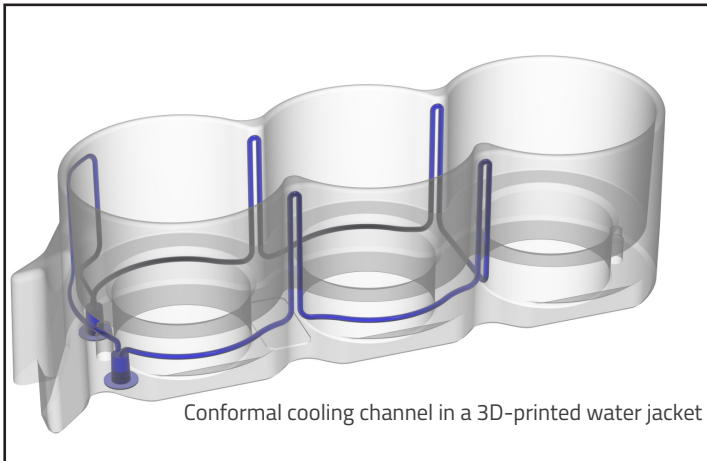
Our commitment to products aligned with sustainable future does not stop with vehicle lightweighting, and includes broader sustainability factors, such as:

- incorporating recycled materials and enabling greater energy and material efficiency in industries we serve (in alignment with SDG 12), and
- commitment to the highest product safety standards (in alignment with SDG 3).



## EXCO SETS THE BENCHMARK IN CONTINUED INNOVATION

Exco has a long history as a leader in innovation. We have skilled and passionate engineering teams. Our culture fosters idea generation and risk taking, with entrepreneurship and excellence forming part of our core values. One clear example of this is demonstrated with our progress in additive manufacturing. We are now regularly designing and incorporating 3D printed components into our moulds which greatly enhances the overall quality and performance of the die-cast process. The use of additive manufacturing in this regard is still quite nascent but growing strongly. And we have a clear lead evidenced by our receipt of the 2019 Automotive News prestigious PACE award, which honors selected automotive suppliers for groundbreaking technology. Components produced using additive technology greatly reduce the carbon footprint over traditional subtractive metalworks, as steel transportation weight is reduced, while scrap and waste are dramatically reduced in the manufacturing process.



## ALIGNMENT WITH SUSTAINABLE DEVELOPMENT GOALS

We continue to develop new technology in line with most recent sustainability trends, recognizing that harnessing the power of science is critical to global progress towards Sustainable Development Goals and is essential to our continued growth.



# ENVIRONMENT

Exco is committed to running its facilities as efficiently as possible, delivering the same innovative, high quality products to our customers with less energy, fewer materials and lower waste.

In this regard, several of our businesses have achieved ISO 14001 certification, the international standard that specifies requirements for an effective environmental management system. More broadly, we remain focused on employing lean manufacturing principles to reduce and eliminate waste while also making substantial investments in new, energy efficient equipment. Our additive manufacturing process significantly reduces the use of steel, energy and transportation costs, while our multi-plant footprint gives proximity to market which reduces carbon emissions through reduced transportation requirements. As discussed below, technological advancements are being employed throughout the organization to help achieve our goals.

ISO 14001 CERTIFIED:



Polytech

Neocon

Polydesign

**CAS**TOOL  
TOOLING SYSTEMS®

## ALIGNMENT WITH SUSTAINABLE DEVELOPMENT GOALS

According to the U.N., we need three Earth's worth of resources if the current way of life is sustained for the 9.6 billion people expected to populate the planet by 2050. Businesses are the largest consumer of natural resources, and as such, responsible production processes form a critical part of Sustainable Development Goals, including SDG 13, SDG 7, and SDG 12. They call for management of our supply chains and natural resources in a way that allows for population's needs to be met for generations to come.

The OEMs we serve face increasing pressure from governments, investors and consumers to demonstrate alignment of their business models with the SDGs. As they become increasingly focused on supply chain management as part of their own sustainability strategies, our production process becomes an important part of

meeting their sustainability goals. Our customers rely on us to meet their technological and environmental requirements, and we are focused on ensuring that our operations are well positioned in this sustainability-oriented marketplace.



## RESPONSIBLE USE OF RESOURCES IS A STRATEGIC PRIORITY

### WE PRIORITIZE ENERGY EFFICIENCY INVESTMENTS

Energy conservation remains a critical objective at Exco to reduce input costs and maximize energy efficiency. Our approach is also meant to hedge against the escalating cost of carbon taxes in Canada and other jurisdictions while minimizing our overall ecological footprint. Below are a few examples of the way we achieve these goals:

- Software to manage energy consumption towards off-peak hours.
- LED energy efficient lighting in our manufacturing facilities.
- Installation of 1.4 MW of solar panels at one of our facilities, which will provide 73% of energy in sunny hours and 34% overall, and will avoid the release of 1,507 tons of CO<sub>2</sub> per year.
- Air compressor systems leak detection protocols, including use of ultrasonic leak tests, and variable speed drive air compressor technology.
- Variable speed drives for ventilation fans and exhaust fans, which ensures more efficient energy usage for air circulation.
- Machine and compressor auto-shutoff timers.
- Heavy investment in new energy-efficient machinery, including heat treatment equipment.
- Operational improvements resulting in the reduction of rework and scrap.

### WE MINIMIZE WASTE AND USE RECYCLED MATERIALS

In order to further minimize our environmental footprint, we also utilize recycled material and incorporate a material recycling process into our facilities, wherever possible. For example:

- As discussed earlier, Neocon produced first generation sheet of TPR-NT with 10% post-consumer material in the base layer (equating to keeping 63,000 pounds of plastic per year out of landfills for a 250,000 unit cargo protector program).
- Neocon utilizes recycled PET in its molded carpet products, diverting over 8,500,000 plastic bottles from landfills annually.
- Castool uses only biodegradable lubricants and repurposes old extrusion press containers into extrusion die rings.
- Where feasible and customer approved, Polydesign is utilizing recycled resins, and replacing plastic substrates with recycled compressed board.
- Our Polytech molding department reuses up to 10% of plastic material, keeping 70,000 pounds of resin out of landfills each year.
- AFX, a supplier of interior trim components, recycles 85% of leather scrap and 100% of wooden pallets and cardboard waste.
- We recycle cutting fluids across our membership plants.
- We utilize a bore welding technique to repair shot sleeves rather than building new ones.



## WE CONTINUE TO EVALUATE PHYSICAL CLIMATE RISKS

While focusing on aligning our business with a sustainable future, we cannot lose sight of physical risks to our operations should the world fail to limit the increase in the global average temperature to below 2 °C above pre-industrial levels. Our 16 manufacturing facilities collectively occupy approximately 1,075,000 square feet around the world (see exhibit below). We purchase the majority of our steel from international suppliers in Canada, US, Germany and China, while our customers span the Americas, the Far East and Europe.

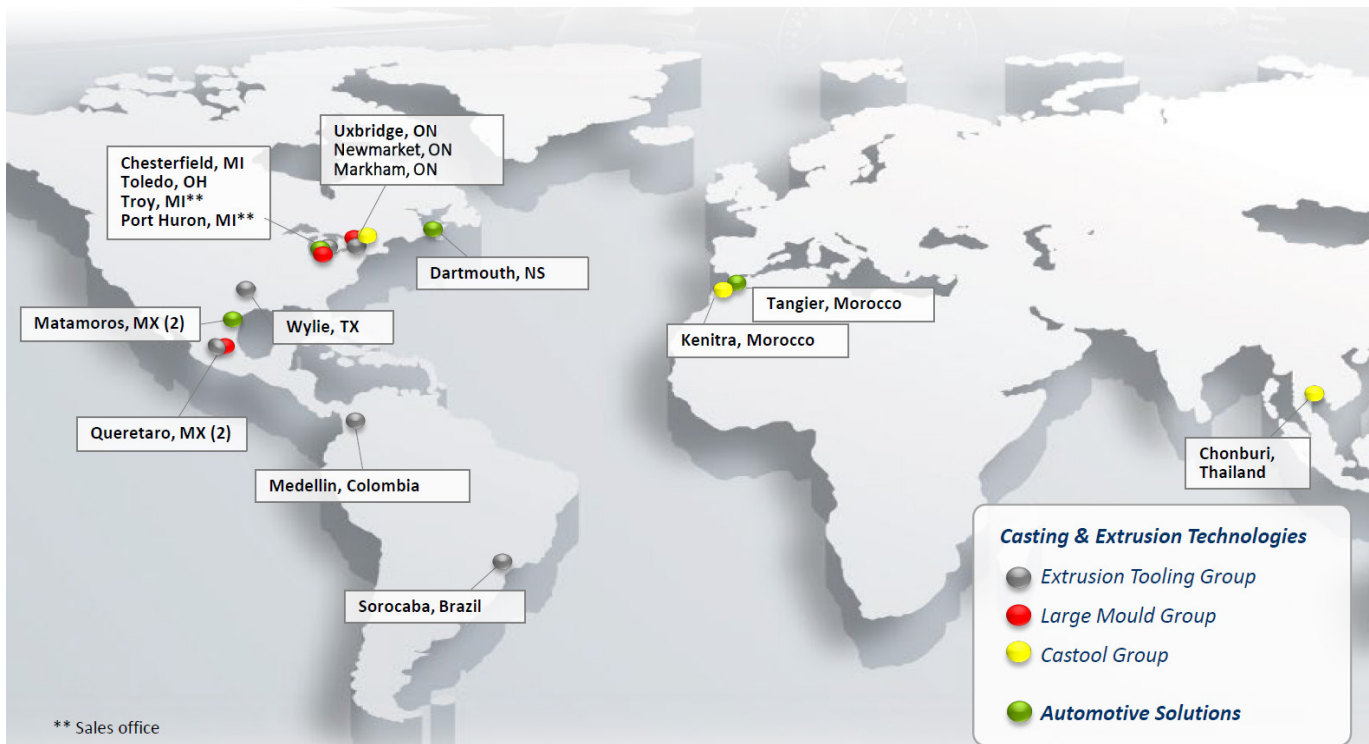
We believe that our multi-plant footprint, in proximity to our markets, contributes to a more resilient supply chain. That said, the regions in which we operate face serious climate-related risks, including sea level rise and coastal flooding, more frequent and more intense weather events, extreme heat, and water stress. These changes could significantly impact our facilities, our customers, and communities in which we operate and where we draw our talent pool. We will continue to monitor these risks and adapt our operations to these evolving trends.

### ALIGNMENT WITH SDGS

Every country and every continent is affected by impacts of climate change, including extreme weather events, increasing temperatures and rising sea levels. Economies and human lives are being impacted, requiring urgent action from governments and businesses alike. The 2015 Paris Agreement and SDG 13 aim to limit temperature increases and strengthen our capacity to adapt to the impacts of the climate emergency.



## OUR PRODUCTION FACILITIES SPAN THE GLOBE



# PEOPLE

Exco employs roughly 4,900 people in seven countries. People are at the core of our success and at the heart of our values and business strategy. Recognizing that people are our most critical resource, Exco is committed to diversity and inclusion, health and safety, training and development, and fair labor practices.

*"Nothing happens without responsible, talented and high-performing people. Our people have been, and will continue to be, our greatest strength"- Darren Kirk, CEO*

## ALIGNMENT WITH SUSTAINABLE DEVELOPMENT GOALS

We understand that the way we run our business fundamentally affects our people and the communities in which they live. Businesses with a global footprint, such as ours, have an important role to play in the achievement of Sustainable Development Goals, including SDG 1, 3, 4, 5, 8, and 10.

According to the United Nations, 10 percent of the world's people live in extreme poverty (defined as less than \$1.90 a day), and this statistic is at risk of deteriorating further as a result of the combined effects of the COVID-19 pandemic, climate change and social conflict. Poverty is a root cause of many human rights violations, and it fundamentally affects health and well being. It also bears a direct relationship to gender and racial equity. For example, around the world, women continue to be underrepresented in institutions of power, receive unequal pay for equal work, and face barriers to ad-

vancement. UN Women found that countries where fewer women are financially empowered also have higher relative poverty rates. Along with women, poverty disproportionately affects children, indigenous peoples, people with disabilities, and other historically disadvantaged groups.

Equal work opportunity, availability of decent, productive work, and related training programs are all essential to breaking the cycle of poverty and empowering vulnerable populations. We are committed to doing our part in making decent work opportunities available, and promoting human rights, social justice and economic advancement in communities where we do business.



*"Ending poverty and promoting decent work are two sides of the same coin. Decent work is both the major instrument to make development happen and also in effect, the central objective of sustainable development." — Guy Ryder, Director-General, International Labour Organization.*

## WE PROVIDE OPPORTUNITIES FOR SOCIAL ADVANCEMENT

Out of our 4,900 employees, roughly 4,300 are hourly workers and 600 are management, design engineers, technicians and other salaried positions. With our workforce concentrated in low-cost jurisdictions, we recognize our responsibility to the communities in which we operate. Exco compensates employees fairly, provides significant safety training, and provides various opportunities to improve their skills and knowledge in order to raise their social and economic standing.

At several Exco locations where design and engineering capabilities are an integral part of the business model, Exco encourages further education of employees and is an active participant in apprenticeship programs. In addition, the company cooperates with and supports several local community colleges from which it typically draws its design engineers.

For example, our Polydesign operations in Morocco host on average 60 interns per year. These interns are recruited from nearby business, engineering and technical training schools. Training is offered in English and French, to help workers build marketable language skills.

Entities with which Exco has these types of arrangements include Ryerson University, University of Waterloo, Durham College, Uxbridge High School and Dartmouth University.

We invest considerable resources in continued training and development of our employees, sometimes even sharing costs for degrees. For example, our Polytech operation offers up to 40 scholarships per year to hourly employees. Many of our employees exemplify social ad-

vancement through hard work and perseverance, and we now have Department Heads that started in entry-level positions, such as sewing operators or quality control technicians.

We support our working parents and offer programs to enhance their families' quality of life. These include maternity and paternity leave arrangements, and various initiatives for children. AFX, for example, offers scholarships for employees' children studying in middle school through university, as well as back to school program where school supplies are provided.

We respect our employees' rights to collective bargaining and freedom of expression and association. We employ roughly 2,000 people in Mexico and Brazil who are subject to collective bargaining agreements. We believe our relationship with these employees is supportive. In 2019, we experienced our first ever work stoppage at our Matamoros facilities, which resulted in a wage increase and a one-time bonus to active production employees. As one of the many maquiladoras in Matamoros that was subject to this labor disruption, Exco was one of the first employers to reach an agreement with our employees to mutual satisfaction.

Exco is committed to compliance with internationally recognized human right guidelines. We reject all forms of physical, sexual, psychological or verbal abuse of our employees. We condemn child labor and any kind of forced labor. The Company complies with the applicable laws and regulations, including those regarding the minimum age for admission to work.

## EXCO FAMILY SUCCESS STORY



**Keattikhun Chaichana (Palm), Sales Manager - Castool 180  
BA International Business Management; B. Eng. Chemical Engineering**

*Palm joined Castool 180 in 2015 as Product Specialist after spending 10 years in the automotive industry with Toyota and GM. He worked in quality control with both companies focusing on the castings. He was promoted to Sales Manager Asia at Castool 180 in 2021. Palm has been very involved with tooling and equipment installations and successful optimization efforts in Asia. He has extensive knowledge and experience in casting and extrusion, and is a very passionate engineer. In 2020 he graduated with an MBA, International Business Management from Stamford International University with distinction.*

## WE ARE COMMITTED TO A DIVERSE AND INCLUSIVE WORKPLACE

We are mindful that sustainable operations require the benefits of diversity at all levels of our organization. Since Exco's formation in 1953 by the Robbins family, we have embraced diversity as part of our culture. Having a deep pool of diverse cultural talent has been key to Exco's ability to embrace global markets and expand its geographic footprint throughout Central and South America as well as North Africa and Asia.

Our success relies on our ability to fully understand and embrace the multicultural, multidimensional dynamic world in which we live and work. When our workforce reflects the diversity of our customers, consumers, suppliers and communities, our competitive advantage and reputation are enhanced.

To support this commitment to a diverse and inclusive work environment, we:

- Provide diversity guidelines in our Employee Code of Conduct, making it clear that bias, discrimination or harassment based on any trait that defines how we differ will not be tolerated.
- Promote diversity and inclusion within our teams.
- Seek, respect, value and leverage diversity of thought and ideas.
- Share in the responsibility for inclusiveness.
- Ensure that inclusiveness is visible in management decisions and behavior.
- Abide by the principle that all our relationships are based on mutual respect and growth.



*Our management team in Morocco is 50% women – and the division is a leader in matters of diversity, inclusion, and employee health and wellness. Above, Polydesign team wears pink for breast cancer awareness day.*

## WE ARE COMMITTED TO HIGH HEALTH AND SAFETY STANDARDS

Exco is committed to stringent health and safety standards, which is one of the company's core values. We want to maintain a healthy and safe work environment for all our employees, and we conduct business in a manner which takes every reasonable precaution to minimize the risk of work-related injuries, illnesses, exposure to infectious diseases and accidents.

Our Employee Code of Conduct requires all employees to understand and comply with our health and safety standards, and with our zero-tolerance alcohol and drug abuse policies.

We make every effort to:

- Take all reasonable measures to ensure workplace safety.

- Prioritize, encourage and reward a safety-first mindset.
- Promptly rectify any unsafe conditions or behavior.
- Implement, communicate and enforce effective workplace practices and procedures.
- Provide comprehensive training in safety awareness, policies and procedures.
- Ensure that health and safety is not compromised for any reason.
- Aim for continuous improvement in safety performance.

Exco remains committed to the improvement of its various health and safety statistics over time. Health and safety issues and metrics are highlighted and discussed no less than quarterly with our Board of Directors.



## EMPLOYEE HEALTH AND WELLNESS SPOTLIGHT

Our Polydesign facilities have implemented several initiatives to take care of employees' health and wellness, extending above and beyond the standard health and safety protocols. For example:

- Company doctor conducts small group trainings on posture, ergonomics, nutrition, and overall wellbeing.
- Healthy meals are offered in the cafeteria, along with education on proper nutrition.
- Regular workshops are offered on mental health and stress management.
- COVID 19 vaccination is offered on-site for all employees.
- Screening for breast cancer is offered to Polydesign women over 45 years old.
- Polydesign voluntarily received OHSAS 18001 certification (which has now become ISO 45001) for health and safety standards.

*Commitment to employee well-being, diversity, and overall sustainability performance earned Polydesign a GOLD rating from EcoVadis for five consecutive years.*

# SOCIETY

We are committed to being a responsible corporate citizen and supporting communities in which we do business. Exco provides grants and makes donations for a variety of social causes, including promoting education, alleviating hunger, disaster relief, improving health care systems, fighting cancer, and preventing spread of COVID 19.

Grants and donations have included monetary and in-kind contributions, such as supply of Exco products or services free or at a reduced price. For example, a few of our divisions developed and 3D printed medical face masks for the hospital systems. We have also worked with the local forestry services to plant trees, and supported K-12 schools in rural areas by donating food, supplies and equipment.

Charitable organizations that we proudly support include:

- Association Tanger Medina,
- Canadian National Autism Foundation,
- Dalhousie / Co-op,
- Doctors Without Borders
- Feed Nova Scotia,
- Habitat for Humanity,
- Lalla Salma Foundation,
- Southlake Hospital, and
- United Way of Southeast Michigan.

## ALIGNMENT WITH SDGS

Although responsible business practices are an important part of our mission, we understand that, as highlighted by SDG 17, sustainable development requires collaboration between many diverse types of organizations. We understand that we benefit from operating within a social fabric that is cohesive and sustainable, and therefore we are committed to philanthropic initiatives that allow us to have an impact far beyond what we could achieve alone.



*Above: Castool provides food to local communities in Morocco and Thailand.*

# GOVERNANCE

We believe that adopting and maintaining appropriate governance practices is fundamental to a well-run company, to the execution of our chosen strategies and our successful business and financial performance.

An overview of our corporate governance practices can be found on our website, [www.excocorp.com](http://www.excocorp.com) under the Investor Relations tab. Our corporate governance practices are aligned with National Instrument 58-101- Disclosure of Corporate Governance Practices and National Policy 58-201 – Corporate Governance Guidelines.

## ALIGNMENT WITH SDGS

Good corporate governance, including anti-corruption, fair competition and rule of law, are essential to sustainable development, as highlighted by SDG16.



## AT EXCO THE ETHICAL WAY IS THE ONLY WAY

The Robbins family built Exco Technologies Limited with an unwavering commitment to ethical business practices. It is this foundation from which the company continues to grow and succeed as one of the most trusted names in its numerous automotive and industrial niche markets. Our reputation is built on almost 70 years of solid business growth, innovation, and a constant drive for conducting business with honesty, integrity and ethical behavior.

Integrity, honesty and transparency form part of our core values. These values ultimately underpin our Code of Conduct, which guides the decisions we make as a company.

Compliance with the Code is a requirement of every Exco employee. All new employees are required to sign a Certificate of Acknowledgment, which states that the employee has read the Code and accepts the obligation to comply with it. Our employees are encouraged to raise any questions or concerns regarding the Code with local management team or Human Resources. In addition, through the Exco Alertline (<http://exco.alertline.com>) employees can anonymously raise any concerns related to accounting, internal controls or ethical issues.

Exco operates in globally competitive product segments where both suppliers and customers have a strong understanding of material and value-added cost inputs, leaving Exco little opportunity for arbitrage or excessive market pricing power. Exco takes anti-competitive and anti-trust issues seriously and is not aware of any such actions throughout its operations.

Exco does virtually no business with governments and therefore has a low risk of breach of anti-corruption laws, however as stated above Exco conducts itself ethically in all of its commercial dealings.

Our Code covers a range of relevant topics, including but not limited to:

- Protecting our reputation and our brand
- Safeguarding company's assets, including information systems, confidential data and intellectual property
- Non-discrimination
- Fair competition
- Avoiding conflict of interest
- Prohibition against bribes and political contributions
- Guidelines on receipt of gifts.

## WE ARE GOVERNED BY A DIVERSE AND EFFECTIVE BOARD

Exco needs directors with focused qualifications who, when taken together as a board, provide Exco with a wide range of skills, balanced by gender, age and tenure. Directors need to appreciate the complexity of our niche businesses and the diversity and global nature of the industries in which we operate. They must also have the skills and experience to make an effective contribution to the board in their primary areas of expertise. The right Board composition is critical for constructive discussion and effective decision-making.

Exco views inclusion and diversity on its board of directors as leading to a better understanding of opportunities, issues, and risks, enabling stronger decision making and oversight. A diverse board demonstrates our commitment to diversity at all levels within Exco. Diversity includes business experience, geography, age, gender, culture and ethnicity,

visible minorities, indigenous peoples, persons with disabilities and sexual orientation.

When the Board is looking to add additional members or replace existing members or appoint committee chairs, the Board's Governance and Nominating Committee reviews the number of diverse candidates, together with their skills, knowledge, experience and character, relative to other candidates, to ensure fair consideration. The Committee also reviews the number of women and other diverse candidates actually appointed to evaluate whether it is desirable to adopt additional diversity related requirements or policies.

Our Board consists of the following members:

Name and Municipality of Residence	Director Since	Principal Occupation
Edward H. Kernaghan (1) (2) (3*) Ontario, Canada	Jan-09	Executive Vice President, Kernaghan & Partners Ltd.
Darren M. Kirk Ontario, Canada	Jan-19	President and Chief Executive Officer, Exco Technologies Limited
Robert B. Magee (1) (2) (3) (4) Ontario, Canada	Jan-10	Chairman, The Woodbridge Group
Colleen M. McMorrow (1*) (3) Ontario, Canada	Jan-17	Corporate Director
Paul E. Riganelli Ontario, Canada	Jan-18	Executive Vice President, Exco Technologies Limited
Brian A. Robbins Ontario, Canada	Jan-72	Executive Chairman of Exco Technologies Limited
Anne Marie Turnbull (2*) Ontario, Canada	Jan-19	President, AMT Associates Ltd.

### NOTES

1. Member of the Audit Committee.
2. Member of the Human Resources and Compensation Committee.
3. Member of the Governance & Nominating Committee.
4. Lead Director of Exco.

\* Committee Chair.

All of our directors, with the exception of Mr. Robbins, Mr. Kirk, and Mr. Riganelli, have been determined by our Board to be "independent directors" within the meaning of such term under applicable law.