



FY2025 MARKDOM SUSTAINABILITY REPORT

Contributing to a Greener and
More Sustainable Future

Operations Across Mexico MX | USA us | Canada ca

Introduction

At Markdom, sustainability and responsible business practices are central to our long-term strategy. We believe that strong environmental, social responsibility, and governance are essential to creating sustainable value for our customers, employees, suppliers, and communities.



Reducing our **environmental** footprint and improving operational efficiency are key priorities. We actively seek opportunities to reduce energy consumption, greenhouse gas emissions, and resource use. In 2023, we joined the M2030 initiative (now Secaro) at our Toronto facility and expanded it to Monterrey in 2025, aiding our efforts to understand and reduce our carbon footprint.

We're proud that our Toronto facility received the EcoVadis Bronze Medal for the second year in a row, placing Markdom among the top 35% of companies evaluated globally for sustainability. Our Monterrey facility achieved a Committed rating in its first EcoVadis assessment in 2025, marking a significant step forward.

Our people and our communities are at the heart of our business and our approach to **sustainability**. We are committed to providing a safe, respectful, and inclusive workplace where employees are empowered to contribute, grow, and raise concerns without fear of retaliation. We also recognize our responsibility across the value chain. Through our Supplier Code of Conduct, we expect suppliers and business partners to maintain high standards related to human rights, labour practices, environmental protection, and ethical business conduct.

By fostering strong partnerships with our employees and suppliers, we aim to promote responsible practices that contribute to the well-being of people and communities where we operate.

Our **governance and ethical** guided by our Code of Conduct and Ethics and our Supplier Code of Conduct, we hold ourselves, our employees, and our partners to the highest standards of integrity, transparency, and accountability. Our policies and management systems establish clear standards for compliance, risk management, and responsible business practices. Employees are encouraged to seek guidance when facing ethical dilemmas and to report concerns through appropriate channels. Markdom maintains a strict non-retaliation policy to ensure that all concerns raised in good faith are addressed fairly and responsibly.

In 2025, Markdom strengthened its sustainability journey by formally joining the United Nations Global Compact (**UNGC**), reinforcing our commitment to the Ten Principles covering human rights, labour standards, environmental protection, and anti-corruption. We continue to integrate these principles into our policies, operations, and governance frameworks while contributing to the broader goals of the United Nations Sustainable Development Goals (**SDGs**).

As we continue this journey, we remain committed to accountability, innovation, and collaboration. Together with our employees, customers, suppliers, and partners, we will continue to strengthen our ESG performance and contribute to a more sustainable and responsible future.

Signed by:

Nick Orlando, CEO
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Affiliations, Certifications and Awards

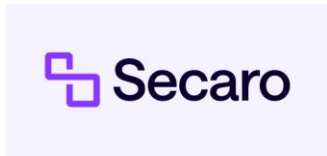


Affiliations

Reducing our environmental footprint and improving operational efficiency remain key priorities at Markdom. We continuously seek opportunities to reduce energy consumption, greenhouse gas (GHG) emissions, and resource use across our operations.

In 2023, Markdom joined the M2030 initiative (now Secaro) at our Toronto facility, strengthening our commitment to measuring and reducing our carbon footprint. This initiative was expanded to our Monterrey facility in 2025, supporting greater visibility and alignment of our emissions reduction efforts across locations.

That same year, Markdom also subscribed to the United Nations Global Compact (UNGC), aligning our operations with globally recognized sustainability and ethical business principles.



Certifications

As part of our climate strategy, our Canadian team completed the Climate Ambition Accelerator, gaining advanced training to review Markdom’s greenhouse gas calculations and align our climate metrics with the Science Based Targets initiative (SBTi) framework. In parallel, our Monterrey facility submitted its initial SBTi baseline metrics in 2025, which are currently pending evaluation.

Through these initiatives and recognitions, Markdom continues to build a strong foundation for measurable climate action, responsible operations, and continuous environmental improvement.



Achievements

Markdom’s sustainability performance has also been recognized through independent assessments. Our Toronto facility received the EcoVadis Bronze Medal for the second consecutive year, placing Markdom among the top 35% of companies evaluated globally for sustainability performance. In 2025, our Monterrey facility achieved a “Committed” rating in its first EcoVadis assessment, representing an important milestone in strengthening our sustainability practices.

Toronto:



Monterrey:



Environmental



Our Environmental Commitment



Markdom turns environmental commitments into measurable actions that drive real impact across operations and the supply chain. Guided by clear policies and 2024-based targets, we reduce emissions, conserve resources, and ensure compliance. This approach is supported by continuous monitoring, accountability, and a culture of transparency and innovation.

Climate & Energy Performance

Markdom is committed to reducing greenhouse gas (GHG) emissions across Scopes 1, 2, and 3 through energy efficiency, increased use of renewable energy, and responsible operational practices. The Company has established clear 2030 targets, including a 10% reduction in Scope 1 emissions, a 20% reduction in Scope 2 emissions through efficiency and renewable energy adoption, and a 15% reduction in Scope 3 emissions through supplier engagement and value chain improvements. These efforts are supported by ongoing optimization of equipment, energy management initiatives, and compliance with environmental regulations.

Resource & Environmental Stewardship

Markdom promotes responsible resource management by reducing water consumption, minimizing waste, preventing pollution, and strengthening recycling practices across all operations. The Company is committed to reducing water usage by 30% by 2030, achieving full compliance with wastewater discharge requirements, and maintaining zero environmental contamination incidents. Additional initiatives include expanding recycling programs across all sites by 2026, improving hazardous material handling, and continuously enhancing waste reduction and resource efficiency practices.



Supporting Policies:

- [Environmental Sustainability Policy](#)
- [Air & Water Management Policy](#)
- [Code of Conduct and Ethics](#)
- [Supplier Code of Conduct](#)
- [Health & Safety Policy](#)

Environmental



Responsible Plastic Use and Environmental Stewardship

Plastics play an essential role in modern manufacturing and product performance;

however, their environmental impact is an increasing global concern. Low recycling rates and improper waste management can contribute to environmental pollution, including microplastics in ecosystems and increased greenhouse gas emissions associated with material production and disposal.

Continuous Improvements

As part of its continuous improvement strategy and sustainability objectives, Markdom introduced three complementary policies

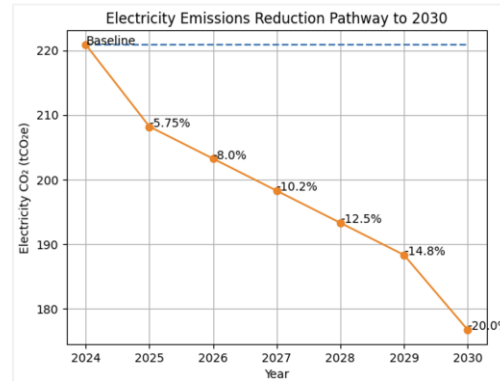
- I. Product Health & Safety (End Users and Consumers)
- II. Product Lifecycle Management
- III. Environmental Disclosure & Customer Collaboration



Toronto Facility Energy Performance

Electricity-related emissions at the Toronto facility decreased by **5.7%** from 2024 to 2025, declining from **220.9 tCO₂e to 208.2 tCO₂e**. The reduction reflects energy efficiency initiatives such as HVAC optimization, LED lighting upgrades, cooling adjustments, and off-peak battery charging, as well as the consolidation of production from three facilities to two locations.

Markdom also advanced efforts to reduce virgin plastic use, increase recycled content, and expand recycling streams including plastics, cardboard, and pallets.

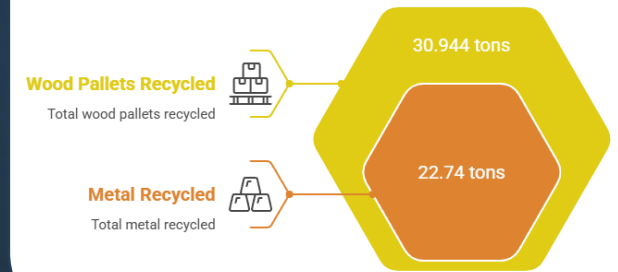


Monterrey Energy

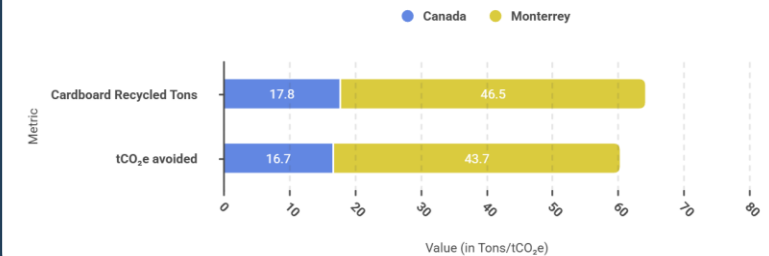
In 2025, emissions increased to 6.06 tCO₂e due to operational changes. The location has established 2024 as the baseline year for Scope 2 emissions and aims to reduce them by 42% by 2030, in line with SBTi criteria.

Recycling Initiatives

Wood Pallets and Metal Recycling in 2025



Cardboard Recycling and CO₂e Avoidance by Location



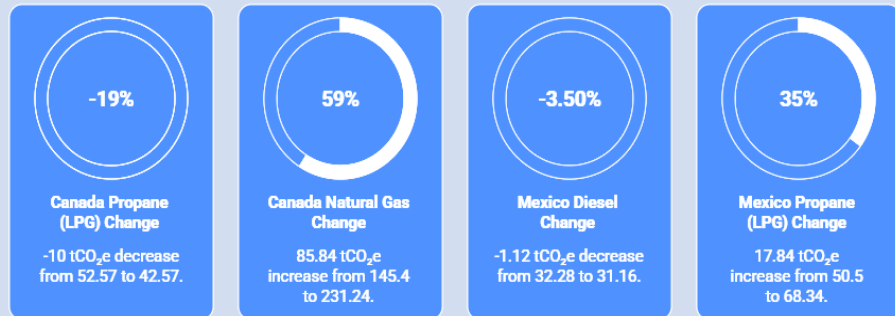
Environmental



SCOPE 1
Emissions from sources (on-site)



In 2025, Scope 1 results across Canada and Mexico showed positive trends, with propane emissions in Canada decreasing by 19% and diesel emissions in Mexico by 3.5%, reflecting early progress in efficiency and fuel transition initiatives, supporting the Company's 10% reduction target by 2030.



Metric: Reduce Scope 1 emissions by 10% by 2030 from the 2024 baseline, with a commitment to progressively integrate newly acquired operations, including the United States, into the Company's emissions inventory and targets.

Toronto Progress:

Scope 1 emissions increased primarily due to higher natural gas consumption, rising from **145.40 tCO₂e** in 2024 to **231.24 tCO₂e** in 2025.

This increase reflects the consolidation of production activities from three facilities into two locations, which concentrated operations and led to higher energy demand at the remaining site, without reductions in workforce or sales performance.

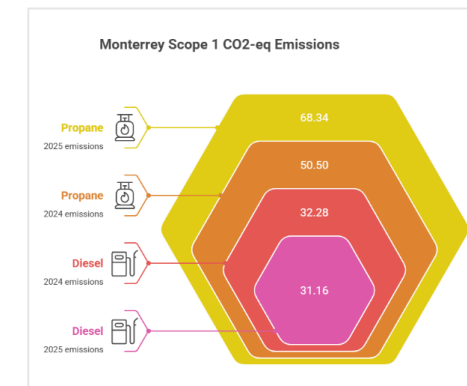
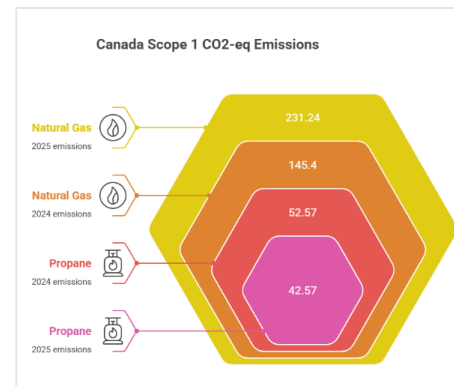
In contrast, emissions from liquefied petroleum gases (propane) decreased from **52.57 tCO₂e** to **42.57 tCO₂e**, reflecting the positive impact of initiatives implemented during 2024–2025, including the transition from propane-powered forklifts to electric alternatives.

Monterrey Progress:

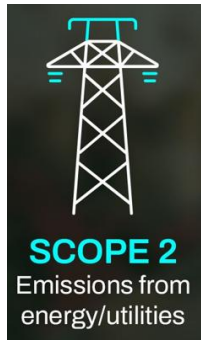
Scope 1 emissions in Monterrey showed mixed performance across fuel sources. Emissions from diesel decreased slightly from **32.28 tCO₂e** in 2024 to **31.16 tCO₂e** in 2025, reflecting improved fuel efficiency and operational controls.

However, emissions from liquefied petroleum gases (propane) increased from **50.50 tCO₂e** to **68.34 tCO₂e**, primarily due to higher operational demand and increased use of propane-powered equipment.

This increase indicates an area for improvement, and future initiatives will focus on optimizing fuel use and exploring opportunities to transition toward lower-emission alternatives.



Environmental



SCOPE 2
Emissions from energy/utilities



Scope 2 electricity performance showed strong progress, with Canada achieving a **33% reduction, exceeding the 2030 target**, while Mexico saw a **13% increase due to higher operational demand reinforcing the Company's commitment to its 20% reduction target by 2030.**



Metric: Reduce Scope 2 (electricity-related) emissions by 20% by 2030 compared to the 2024 baseline, through energy efficiency improvements and the increased use of lower-emission electricity sources.

Toronto Progress:

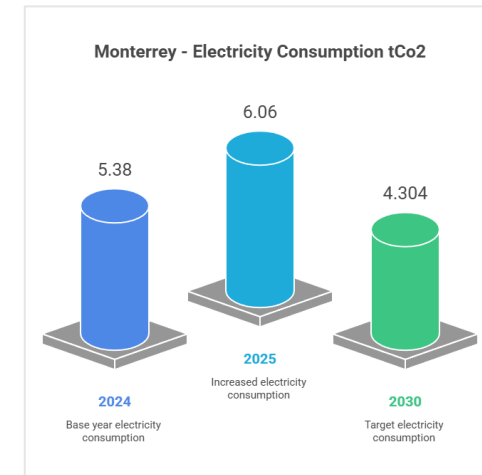
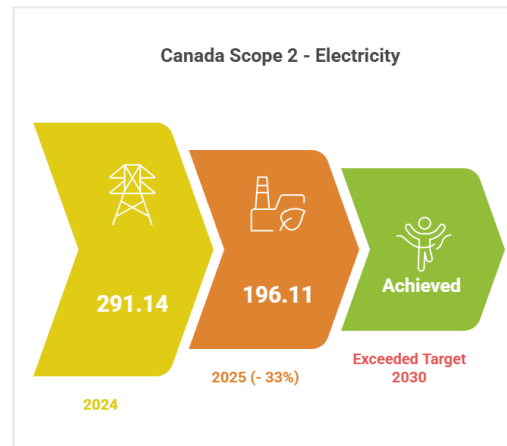
Electricity-related emissions at the Toronto facility decreased significantly from **291.14 tCO₂e in 2024 to 196.11 tCO₂e in 2025**, exceeding target of 203.79 by 2030.

This strong performance reflects the effectiveness of previously implemented energy efficiency measures and operational optimization. The result positions the Toronto facility ahead of its 2030 Scope 2 reduction target, demonstrating early progress toward the Company's decarbonization objectives.

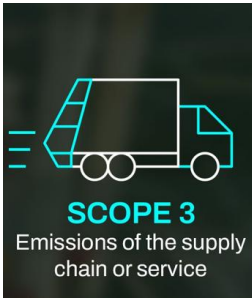
Monterrey Progress:

Electricity consumption at the Monterrey facility increased from **5.38 GWh in 2024 to 6.06 GWh in 2025**. This change reflects higher operational activity and production demand during the reporting period.

While energy use increased, improving electricity efficiency remains a key focus area to support future emissions reduction efforts and align with the Company's long-term Scope 2 objectives.



Environmental



SCOPE 3
Emissions of the supply chain or service

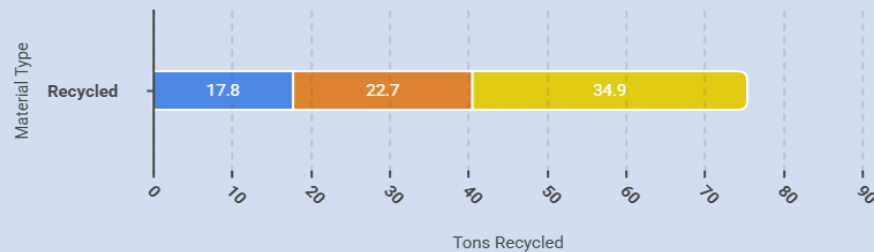


Scope 3 performance showed positive progress, with Canada reducing waste emissions by 9% and hazardous waste by 50%, while Mexico reduced hazardous waste by 35%, supporting the Company's 15% reduction target by 2030.

2025 - Recycling Breakdown by Material

Wood pallets represent the largest portion of recycled materials.

● Cardboard ● Wood pallets ● Metal waste



Metric: Reduce Scope 3 emissions by **15% by 2030** from the 2024 baseline (Canada and Mexico), through waste reduction and increased recycling.

Toronto Progress:

In 2025, Toronto showed positive progress, with solid waste emissions decreasing from **98.15 to 89.56 tCO₂e** and hazardous waste emissions decreasing from **2.78 to 1.39 tCO₂e**. This improvement was achieved despite the closure of one facility, which temporarily increased waste generation during the consolidation process.

Significant recycling efforts helped mitigate the impact, including 17.77 tons of cardboard, 34.9 tons of wood pallets, and 22.74 tons of metal diverted from landfill. These initiatives demonstrate strong progress toward improving waste management and reducing overall environmental impact.



Monterrey Progress:

Monterrey decreased from **31.34 tCO₂e in 2024 to 20.44 tCO₂e in 2025**, reflecting improved waste handling and early progress in environmental management practices.

As Monterrey operations continue to strengthen data collection processes, solid waste data was not fully available for the reporting period. Efforts are underway to enhance tracking and reporting capabilities, supporting more comprehensive Scope 3 disclosures in future reporting cycles.





Climate Action Plans - Toronto



Action Title	Focus Area	ESG Category	Status	Completion Date	Energy / Resource Impact	Estimated CO ₂ e Impact	Complexity	Responsible Team
Audit and repair HVAC equipment to improve energy performance	Space Conditioning	Energy Efficiency	✔ Completed	January 1, 2025	Electricity (standard)	1-5%	Very High	Maintenance
Optimize chilling and cold storage temperatures	Cooling	Energy Efficiency	✔ Completed	January 1, 2026	Electricity (standard)	1-5%	High	Maintenance
Replace high-heat lighting with energy-efficient LED/T5 fixtures	Energy Management / Cooling	Energy Efficiency	🔄 In Progress (70%)	January 1, 2027	Electricity (standard)	5-10%	Moderate	Maintenance
Schedule battery charging during off-peak energy demand	Energy Management	Energy Efficiency	✔ Completed	December 2, 2026	Electricity (standard)	5-10%	High	Warehouse
Reduce virgin plastics and increase recycled content in products	Product Design	Circular Materials	🔄 In Progress (85%)	January 1, 2027	Physical/Chemical Processing	5-10%	High	Production
Implement consistent floor marking across facilities	Operational Excellence	Operational Efficiency	🔄 In Progress (85%)	July 2, 2026	Manufacturing Efficiency	5-10%	Moderate	Warehouse
Transition forklifts from diesel/propane to electric	Transportation & Distribution	Low-Emission Operations	🔄 In Progress (85%)	25-May	Propane / Fuel Reduction	5-10%	High	Warehouse
Install visual KPI production boards across locations	Operational Excellence	Transparency & ESG Awareness	🔄 In Progress (80%)	January 1, 2028	Process Optimization	Indirect	Low	Operations
Global LRN training to align policies and sustainability practices	Governance	Ethics & Sustainability Training	🔄 In Progress (70%)	July 2, 2026	Behavioral / Compliance	Indirect	Low	HR / Compliance
Investment in step platform guard	Workplace Safety	Health & Safety	✔ Completed	December 1, 2025	Safety Improvement	Indirect	Moderate	Maintenance

Environmental



Metric: Reduce total water consumption to 30% by 2030, using 2024 as the baseline year.

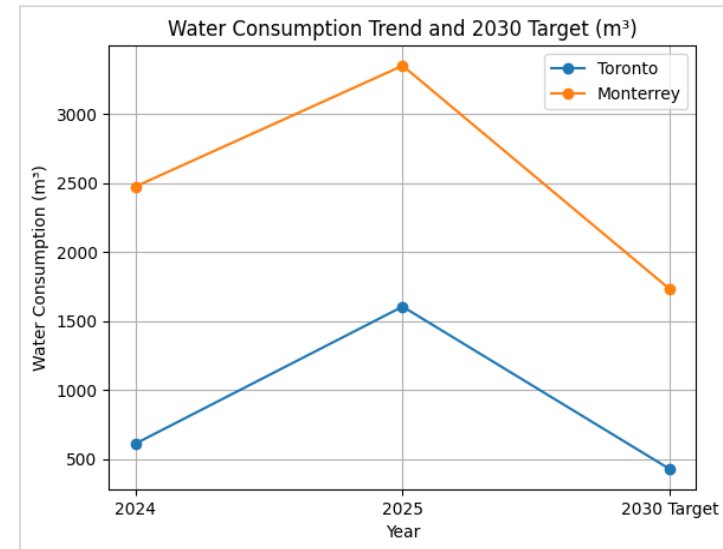
This commitment translates into site-specific reduction targets of 429 m³ for Toronto and 1,732 m³ for Monterrey, reflecting a structured and measurable approach to resource stewardship. In 2025, both facilities experienced an increase in water consumption due to operational factors. Toronto’s water usage rose from 613 m³ to 1,604 m³, primarily driven by the consolidation of production activities into fewer locations, which increased operational intensity at the remaining facility. Similarly, Monterrey’s consumption increased from 2,474 m³ to 3,348 m³, reflecting higher production volumes and expanded manufacturing activity. While these increases are linked to business growth and operational optimization, Markdom continues to actively manage water use through efficiency initiatives, process improvements, and ongoing monitoring.



Skimmer



To support progress toward this goal, Monterrey implemented a skimmer and recirculation system, recovering ~200.88 m³ in 2025, directly reducing freshwater intake and lowering CO₂e linked to extraction and pumping



Markdom remains committed to achieving its 2030 reduction targets by identifying opportunities to optimize water consumption, enhance recycling and reuse practices, and integrate water stewardship into operational decision-making.

Environmental



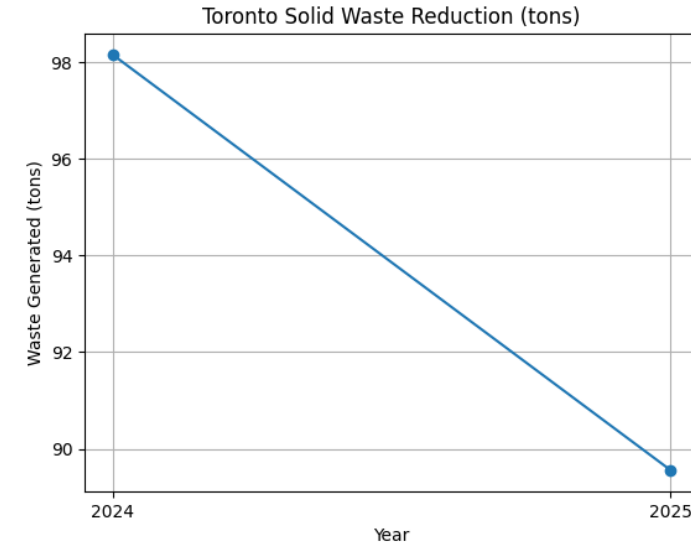
Hazardous Waste

Markdom is committed to minimizing hazardous waste generation and ensuring its safe handling, storage, and disposal in accordance with applicable environmental regulations and internal policies. Guided by our Environmental Sustainability Policy and operational controls, we continue to strengthen waste management practices across all facilities.



In 2025, Markdom achieved a significant reduction in hazardous waste at both locations. In Toronto, hazardous waste decreased from 2.78 tons in 2024 to 1.39 tons in 2025, while in Monterrey, it decreased from 31.34 tons to 20.44 tons, reflecting improved operational efficiency, better material management, and enhanced waste handling practices.

These improvements are supported by ongoing initiatives focused on waste reduction, process optimization, and responsible disposal. Markdom remains committed to continuous improvement in hazardous waste management, reinforcing compliance, reducing environmental impact, and supporting sustainable operations.



Solid Waste

Generated at the Toronto facility decreased from **98.15 tons in 2024** to **89.56 tons in 2025**, reflecting improved waste management practices and increased operational efficiency. This reduction demonstrates Markdom's commitment to minimizing landfill waste through enhanced recycling initiatives, better material handling, and continuous monitoring of waste streams. We will continue to strengthen waste reduction programs and identify opportunities to further improve resource efficiency across our operations.

Social





Our Governance Commitment

Markdom is committed to fostering a responsible, inclusive, and ethical workplace across all operations and the value chain. Guided by the Code of Conduct and supported by robust policies and management systems, the Company promotes respect for human rights, employee well-being, and fair business practices. This commitment is reinforced through continuous training, transparent reporting mechanisms, and a strong speak-up culture, ensuring accountability, compliance, and the protection of all stakeholders.

Workplace Ethics, Culture & Behaviour

Markdom ensures ethical conduct, transparency, and full regulatory compliance through its Code of Conduct. The Company targets 100% completion of ethics and compliance training for all employees and requires all suppliers to adhere to the Supplier Code of Conduct by 2026. Markdom maintains zero tolerance for corruption, bribery, and fraudulent practices, supported by systems that ensure full compliance with applicable laws across jurisdictions. Governance practices are continuously strengthened through annual policy reviews, risk assessments, and effective monitoring and reporting mechanisms.

People, Inclusion, Safety & Accountability

Markdom is committed to providing a safe, inclusive, and respectful workplace that prioritizes employee well-being and accountability. The Company aims to achieve zero lost-time injuries annually while ensuring 100% completion of health, safety, and human rights training. A zero-tolerance approach is applied to discrimination, harassment, and retaliation, supported by accessible and confidential reporting channels. Markdom also promotes a strong speak-up culture, targeting full awareness of reporting mechanisms and achieving at least 90% participation in hazard and incident reporting to support continuous improvement in workplace safety and culture.



Supporting Policies (Ethics):

- Code of Conduct and Ethics
- Anti-Corruption and Anti-Bribery Policy
- Conflict of Interest Policy
- Antitrust and Competition Policy
- Non-Retaliation Policy

Supporting Policies (DEI, Safety):

- Health & Safety Policy
- Workplace Anti-Harassment Policy
- Human Rights Policy
- Non-Discrimination Policy
- Fair and Equal Treatment Policy

Social



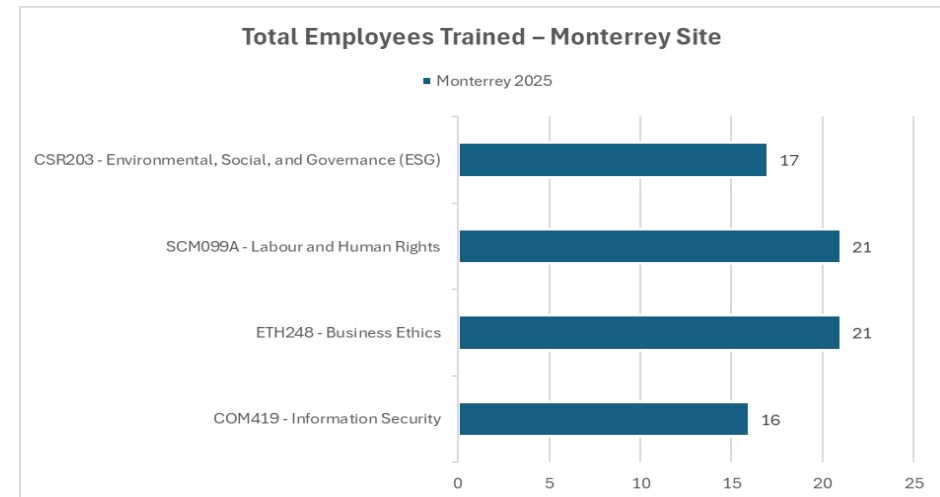
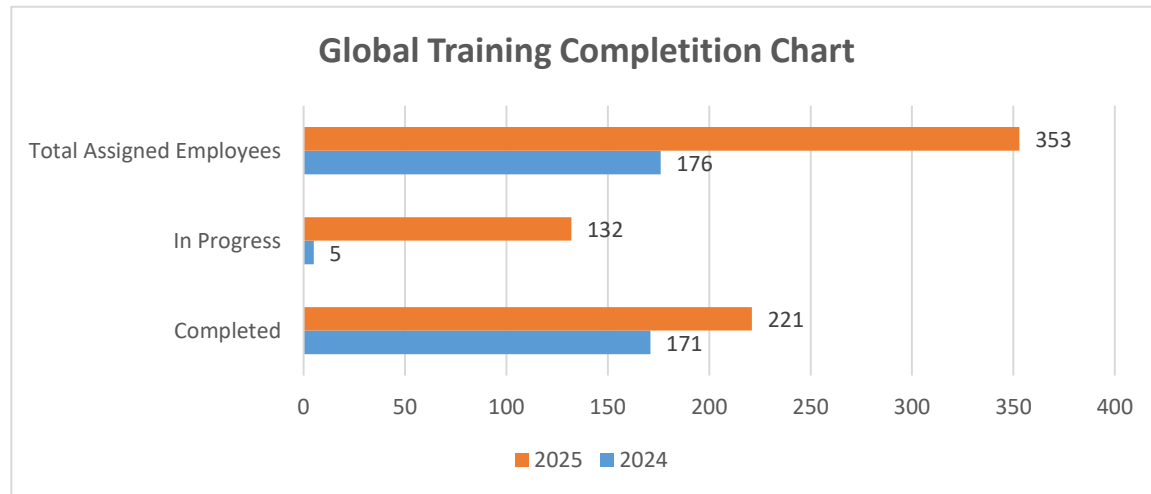
Ethics and Compliance

Ethics and compliance training improved significantly from 2024 to 2025, demonstrating Markdom’s commitment to strengthening employee awareness and compliance capabilities. Total completed training increased from 171 to 221 employees, while overall training coverage expanded from 176 to 353 assigned employees, reflecting broader program deployment across operations.



Markdom maintains a training framework that covers core compliance trainings such as Anti-Bribery and Corruption, Business Ethics, Information Security, and Labour & Human Rights.

These actions contribute to Markdom’s objective of achieving 100% salaried employee training coverage, reinforcing ethical business conduct, and supporting continuous improvement in line with Markdom’s objectives, targets and standard.



Social



Inclusion & Accessibility Framework Enhancement

Markdom has established a strong Inclusion and Accessibility framework aligned with AODA, ESG, and EcoVadis expectations. Existing policies includes AODA, IASR, Human Rights, Fair and Equal Treatment, Non-Discrimination, Disconnecting from Work, and Child and Forced Labor Prevention demonstrate a solid commitment to equity, accessibility, and ethical practices.

Policy Roadmap

1. Accommodation / Workplace Adjustment Policy

- Formal disability accommodation process
- Return-to-work and individual accommodation plans

2. Diversity, Equity & Inclusion (DEI) Policy

- Defines commitment to diversity (gender, ethnicity, age, etc.)
- Supports EcoVadis and UN Global Compact alignment
- Moves beyond compliance to proactive inclusion

3. Recruitment & Accessible Hiring Policy

- Inclusive hiring practices and job postings
- Accommodation during recruitment process

4. Accessible Customer Service Policy

- Covers accessible communication methods
- Includes assistive devices, service animals, and support persons

5. Pay Equity / Equal Pay Policy

- Ensures equal pay for equal work
- Supports gender equity and transparency
- Strengthens ESG disclosures

6. Anti-Retaliation / Speak-Up Protection

- Reinforces psychological safety and reporting culture
- Aligns with whistleblower and ethics framework
- Critical for employee trust and compliance



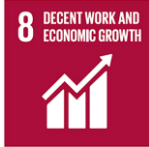
Social



Health & Safety:

Markdom continued to monitor H&S performance across all locations in line with its commitment to maintaining a safe workplace and preventing injuries.

In Toronto, performance remained stable, with an Incident Rate (IR) of 2.82 and a Severity Rate (SR) of 11.96 in 2025, with most months reporting no incidents, reflecting effective safety controls and employee awareness.

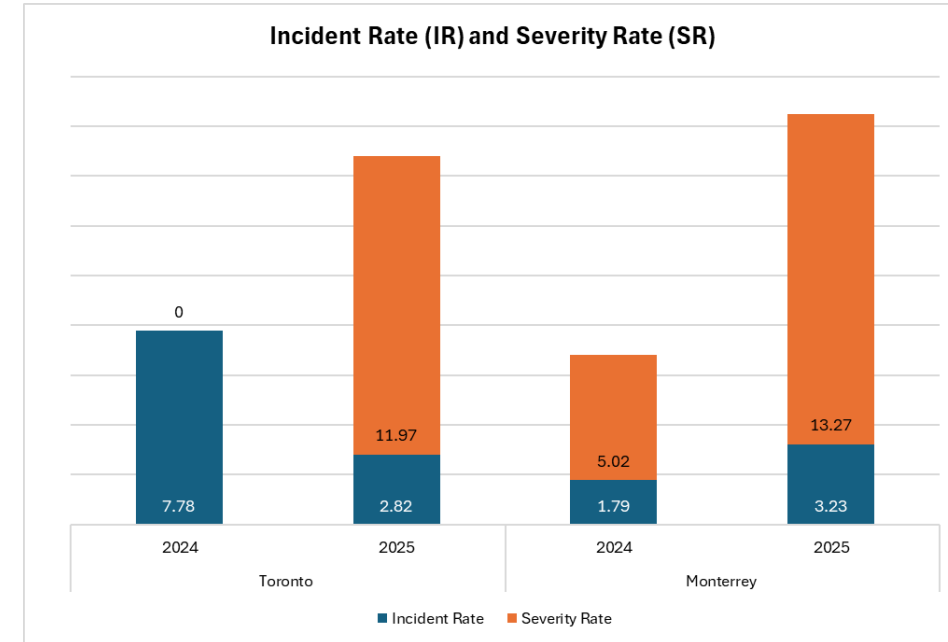


In Monterrey, safety performance declined compared to 2024, with an Incident Rate (IR) of 3.23 and a Severity Rate (SR) of 13.27, indicating an increase in both the frequency and severity of incidents. In response, Markdom is reinforcing its health and safety management system by implementing weekly safety inspections in critical areas, strengthening practical employee training on safe work practices, and introducing a near-miss reporting program to proactively identify hazards and prevent incidents. These actions support continuous improvement and reflect Markdom's commitment to a zero-incident culture, employee accountability, and the ongoing enhancement of workplace safety across all operations.



Markdom promotes a strong health and safety culture based on collaboration, proactive hazard identification, and employee participation.

In 2025, the Company globally rolled out enhanced reporting channels, including anonymous options, in line with its Health & Safety and Whistleblower policies, reinforcing non-retaliation, structured investigation processes, and continuous improvement to reduce Incident and Severity Rates.



Social



Environmental Action and Community Engagement – Toronto Facility

In April 2025, employees from the Toronto facility participated in an Earth Day community cleanup at Wexford Hydro Park, in collaboration with the Toronto and Region Conservation Authority (TRCA), IRCC, and TCCSA. Despite chilly weather conditions, a dedicated team of Markdom volunteers joined the initiative, contributing to both environmental restoration and the 2025 City Nature Challenge. Together with other participants, the team collected approximately **115 kg (254 lbs) of waste**, demonstrating Markdom’s commitment to community engagement, environmental stewardship, and sustainability beyond its operations.



Funded by:



Immigration, Refugees and Citizenship Canada

Financé par :

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Organized by:



Social

3 GOOD HEALTH AND WELL-BEING



Employee Well-being and Engagement – Monterrey Facility

Markdom actively promotes social development and employee well-being through internal initiatives that strengthen **engagement**, **emotional health**, and a strong sense of community across its operations. Throughout the year, the Company organizes activities focused on team integration, employee recognition, and fostering a positive and inclusive work environment.

During the reporting period, Markdom also implemented **health awareness** and prevention campaigns, including initiatives supporting early detection of breast cancer. These efforts reflect the Company's commitment to the holistic well-being of its workforce, promoting a culture of care, prevention, and social responsibility. Markdom believes that investing in its people not only enhances individual growth but also supports long-term sustainability and responsible organizational performance.



Governance



Our Governance Commitment



Markdom is committed to upholding strong governance practices that ensure ethical conduct, accountability, and transparency across all operations and the value chain. Guided by the Markdom Code of Conduct and supported by clearly defined policies and 2024-based targets, the Company promotes integrity, regulatory compliance, and responsible decision-making. This commitment extends across internal operations and supplier relationships, reinforcing responsible business practices throughout the value chain. It is supported by continuous monitoring, effective internal controls, structured risk management processes, and a strong speak-up culture, ensuring governance principles are consistently embedded into daily operations and long-term business strategy.

Ethical Governance & Compliance Framework

Markdom maintains a robust governance framework to ensure ethical conduct, transparency, and full compliance with applicable laws and regulations across all operations. Anchored in the Code of Conduct, the Company implements structured controls, formal reporting mechanisms, and independent investigation procedures to address potential violations and uphold accountability. A zero-tolerance approach is applied to corruption, bribery, fraud, and retaliation. Governance effectiveness is reinforced through mandatory training, ongoing risk assessments, internal audits, and the annual review and continuous improvement of policies and compliance programs, ensuring consistent enforcement and alignment with regulatory and ethical standards.

Responsible Business & Supply Chain Governance

Markdom promotes responsible business practices across its supply chain by integrating ethical, environmental, and human rights standards into supplier relationships and operational processes. Through structured due diligence, the Company ensures that 100% of Tier 1 suppliers are assessed for ESG risks and that at least 80% meet Markdom’s standards by 2026. Additional commitments include achieving full traceability for high-risk materials, ensuring conflict-free sourcing of 3TG minerals, and implementing corrective action plans for all identified non-conformances. These efforts are supported by ongoing supplier engagement, performance monitoring, and continuous improvement initiatives that enhance transparency, accountability, and sustainable value creation across the value chain.



Core Governance Policies:

- Code of Conduct and Ethics
- Anti-Corruption and Anti-Bribery Policy
- Conflict of Interest Policy
- Whistleblower and Non-retaliation Policy
- Business Ethics Investigation Program
- Supplier Code of Conduct
- Sustainable Procurement & Supplier Due Diligence Policy
- Child & Forced Labour Prevention Policy (CC)

Governance



United Nations Global Compact (UNGC) Commitment

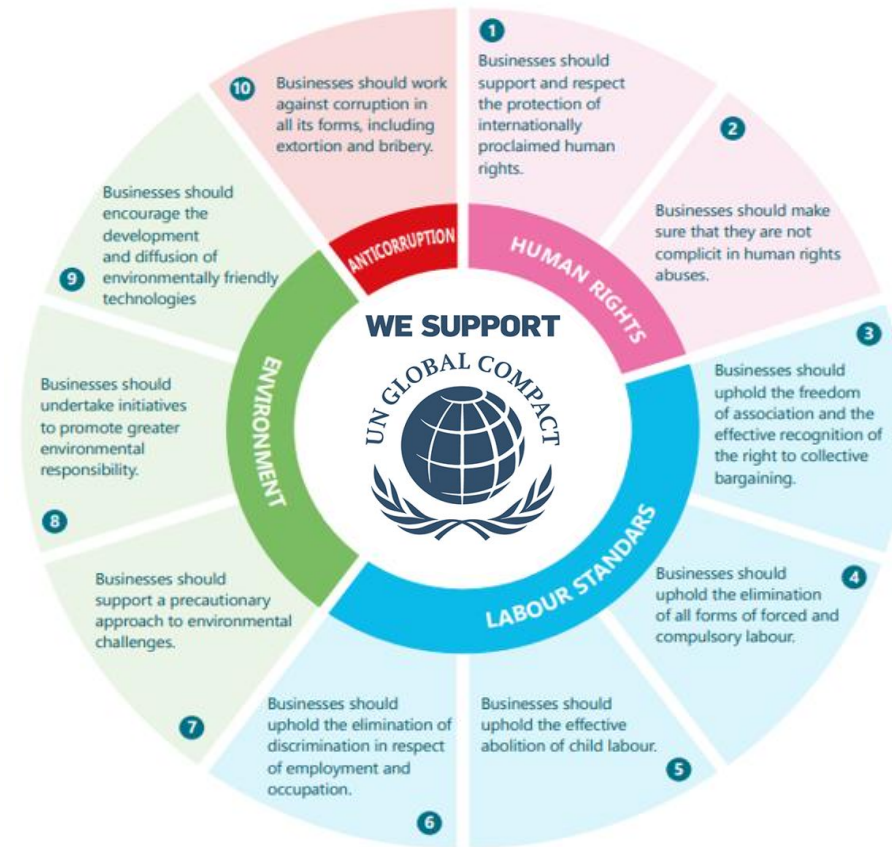
In 2025, Markdom strengthened its global sustainability and governance commitment through the formal endorsement of the United Nations Global Compact (UNGC), with the CEO signing the commitment letter. This milestone reflects the Company’s dedication to aligning its business practices with the UNGC’s Ten Principles across human rights, labor, environment, and anti-corruption.

As part of this commitment, Markdom updated its Code of Conduct to align with UNGC principles and evolving supply chain legislation, including Canada’s Fighting Against Forced Labour and Child Labour in Supply Chains Act (Bill S-211) and the U.S. Uyghur Forced Labor Prevention Act (UFLPA), reinforcing expectations related to ethical sourcing, human rights, and responsible business practices.

Both the Toronto and Monterrey operations are actively aligned with these principles, supported by targeted training, practical guidance, and ongoing integration into daily operations and decision-making processes. Markdom integrates UNGC principles across its governance, human rights, labor, environment, and anti-corruption practices, reinforcing its commitment to responsible business conduct, transparency, and long-term sustainable value creation..

UNGC Principles Integration

- **Human Rights:** Upholding fundamental rights and ensuring fair and respectful treatment across operations and the supply chain
- **Labour:** Promoting safe, inclusive workplaces and prohibiting forced labor, child labor, and discrimination
- **Environment:** Supporting environmental responsibility through resource efficiency, emissions reduction, and sustainable practices
- **Anti-Corruption:** Enforcing zero tolerance for corruption, bribery, and unethical business conduct



Governance



Ethical Governance & Compliance Framework

Markdom maintains a strong aligned with the Markdom Code of Conduct and ESG principles. In 2025, the Company reinforced this commitment through alignment with the United Nations Global Compact (UNGC) principles, further strengthening its approach to ethical business conduct, human rights, labor standards, environment, and anti-corruption. Both Toronto and Monterrey operations remained fully compliant, demonstrating consistent application of governance controls across all jurisdictions.



- Aligned with the Markdom Code of Conduct, ESG principles, and EcoVadis requirements, ensuring a structured and transparent governance framework
- 0 confirmed cases of corruption, bribery, or fraud, reflecting effective prevention and monitoring mechanisms
- 100% compliance with applicable laws and regulations across all operating jurisdictions
- 100% of employees have signed and acknowledged the Code of Conduct, supported by mandatory ethics and compliance training
- Annual review and update of ethics policies, internal controls, and governance framework to align with evolving regulations and best practices
- Safe, confidential, and anonymous reporting channels enabled, with strict protection of whistleblowers under the Whistleblower and Non-Retaliation Policy
- All reported concerns are documented, reviewed, and investigated, supporting continuous improvement, risk mitigation, and strengthened ESG performance.



Governance



Child & Forced Labour Prevention Policy

Markdom is committed to conducting business in full respect of human rights and workers' rights, ensuring that all employment is freely chosen and that no form of child labour or forced labour is tolerated across its operations and the value chain. In alignment with the Fighting Against Forced Labour and Child Labour in Supply Chains Act (Bill S-211) and the Markdom Code of Conduct, the Company applies a risk-based due diligence approach to identify, assess, and mitigate potential risks. This commitment is supported by supplier due diligence, ongoing monitoring, and continuous improvement processes aligned with applicable legislation and international standards, ensuring that human rights are fully respected and protected across all activities.

Key Principles & Requirements

- **Zero Tolerance:** Strict prohibition of child labour, forced labour, and human trafficking across operations and the supply chain
- **Freely Chosen Employment:** All work must be voluntary, with no coercion, penalty, or restriction of movement
- **Risk-Based Due Diligence:** Identification, assessment, and mitigation of forced and child labour risks in line with Bill S-211 requirements
- **Legal & Regulatory Compliance:** Adherence to applicable labour laws, minimum working age requirements, and international human rights standards
- **Supplier Accountability:** Suppliers must comply with the Markdom Code of Conduct and demonstrate prevention of forced and child labour
- **Monitoring & Assessment:** Annual supplier ESG assessments and ongoing monitoring to evaluate compliance and identify risks
- **Corrective Actions:** Timely implementation of corrective action plans for any identified non-conformances
- **Transparency & Reporting:** Ongoing documentation and reporting of due diligence activities to support regulatory compliance and continuous improvement



Governance



Responsible Business

Markdom is committed to conducting business responsibly and ethically across its global operations and supply chain, ensuring that sourcing practices uphold human rights, environmental protection, and business integrity. Guided by the Markdom Code of Conduct and applicable international frameworks, the Company promotes transparency, accountability, and responsible procurement practices throughout its value chain.

Markdom maintains a Conflict Minerals Policy aligned with Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, supporting global efforts to prevent the financing of armed groups and human rights abuses in conflict-affected regions, particularly the Democratic Republic of the Congo (DRC) and adjoining countries.

The Company prohibits any human rights abuses associated with the extraction, transport, or trade of minerals and does not tolerate direct or indirect support to non-state armed groups or illegal security forces controlling mining or trade routes. To strengthen responsible sourcing, Markdom conducts supply chain reviews and due diligence processes to identify and assess potential risks related to conflict minerals. This includes:

- Ongoing supplier engagement,
- traceability improvements
- implementation of responsible sourcing practices for key minerals, including tantalum, tin, tungsten, and gold (3TG).

These efforts support increased transparency and ensure alignment with regulatory requirements and industry expectations. Markdom also enforces a zero-tolerance approach to corruption, money laundering, and bribery, requiring all business partners and suppliers to adhere to the same principles. Through continuous monitoring, supplier collaboration, and compliance expectations, the Company works to drive ethical behavior, improve supply chain traceability, and support sustainable and responsible business practices across its operations..



Governance



Responsible Business & Supply Chain Integrity

In 2025, Markdom strengthened its global approach to responsible sourcing by achieving 100% ESG risk assessment coverage across its Tier 1 supplier base, supported by a structured due diligence framework. As part of this global initiative, the Company will launch in 2026 the annual Supplier Compliance Survey and expanded its Speak-Up program to suppliers, reinforcing transparency, ethical reporting, and alignment with international standards including UN Global Compact principles, OECD Due Diligence Guidance, and regulatory requirements such as UFLPA and conflict minerals regulations.



These initiatives support Markdom’s commitment to achieving ≥80% supplier ESG compliance by 2026, ensuring 100% traceability of high-risk materials, 100% conflict-free sourcing of 3TG minerals, and 100% implementation of corrective action plans for identified non-conformances. Looking ahead to 2030, the Company aims to further enhance supply chain ESG maturity by increasing the proportion of low-risk suppliers, reducing medium-risk exposure, and maintaining zero high-risk suppliers globally, reinforcing transparency, resilience, and responsible business practices across its operations.

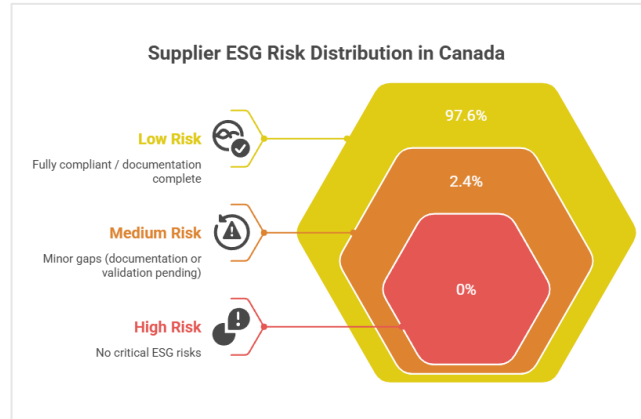
Category	KPI / Objective	Toronto (Canada)	Monterrey (Mexico)	2025 Status (Baseline)	2026 Status (Implementation)	2030 Direction
Coverage	% Tier 1 suppliers assessed for ESG risk	100%	100%	100%	Maintain 100%	Maintain
Risk Segmentation	Low-risk suppliers (%)	97.6% compliant base	39%	High maturity overall	Increase low-risk share	Increase
	Medium-risk suppliers (%)	2.4% (minor gaps)	61%	Controlled & improving	Reduce	Reduce
	High-risk suppliers (%)	0%	0%	0%	Maintain 0%	Maintain 0%
Compliance	% suppliers meeting ESG & human rights standards	97.60%	In progress	Strong performance (Canada-led)	≥80% global compliance target	≥95%+
Corrective Actions	% corrective action plans implemented	Active follow-up	Implemented for all medium-risk suppliers	High	100% closure target	Maintain
Traceability	% traceability for high-risk materials (UFLPA)	In progress	In progress	Framework defined	Integrated into 2026 supplier survey	100%
Responsible Sourcing	% conflict-free sourcing (3TG minerals)	0%	In progress	Data collection initiated	Formalized via 2026 survey + supplier declarations	100%
Engagement	Supplier ESG survey deployment	Pilot / partial	Implementation Q2 - 2026	Initial deployment	Global rollout with UNGC, OECD, S-211, Conflict Minerals alignment by Q2 - 2026	100%
Ethics & Reporting	Supplier access to Speak-Up program	Rollout complete - (Q2-2026)	Rollout complete - (Q2-2026)	Not yet deployed	Launched and communicated via annual 2026 survey	Strengthen usage & tracking (Whistleblowing access)

Governance



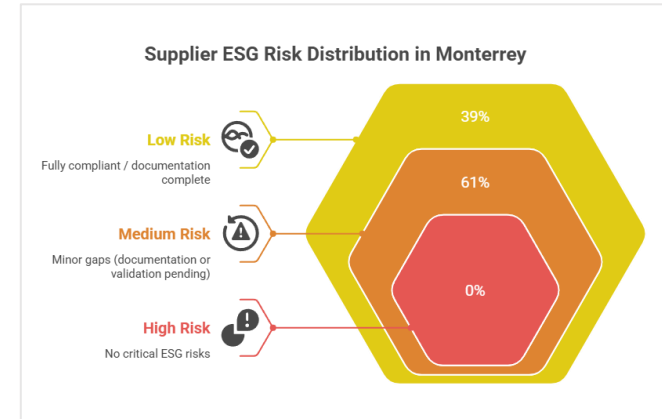
Responsible Supply Chain & Supplier ESG Performance

Markdom is committed to conducting business with integrity, transparency, and accountability across its operations and value chain. Through our Code of Conduct and Supplier Code of Conduct, we establish clear expectations for ethical behavior, environmental responsibility, and human rights protection.



Toronto supplier ESG performance

Canada's supplier base demonstrates a high level of ESG maturity, with 97.6% of suppliers fully compliant and no high-risk suppliers identified. This strong performance reflects effective governance through a well-established Supplier Code of Conduct, rigorous onboarding procedures, and robust monitoring systems. The remaining suppliers are undergoing active follow-up to close minor documentation gaps, reinforcing continuous improvement and full ESG transparency.



Monterrey supplier ESG performance

Markdom Monterrey has not only achieved but exceeded its 2026 supplier ESG compliance target, reaching 100% alignment with baseline environmental and human rights requirements. The absence of high-risk suppliers further highlights the strength of its onboarding, risk assessment, and ongoing supplier management practices, which are fully aligned with EcoVadis sustainability expectations.

Data appendix

(Summary)



Detailed Table



			Units	FY2024 (Base Year)	Toronto 2024	Monterrey 2024	Toronto 2025	Monterrey 2025	Global 2025	Target
GOVERNANCE										
Ethical Conduct	Misconduct cases	#	0	0	0	0	0	0	0	0
	Code of Conduct signed (%)	%	95%	95%	88%	100%	100%	100%	100%	100%
	Employees trained (%)	%	80%	92%		85%	70%	78%	100%	100%
	Avg. training score	%	70%	84%	79%	89%	86%	88%		≥85%
	Cases reported (#) - Speak Up cases reported	%	1	1	1	3	3	6		Track
	Cases investigated on time (%)	%	93%	93%	88%	98%	96%	97%		≥95%
	Retaliation cases	#	0	0	0	0	0	0	0	0
	COI Policy Acknowledgment (%)	%	80%	88%	80%	97%	94%	96%		100%
Governance, Risk & Internal Controls	Employees aware of Speak-Up channel (%)	%	No implemented	0%	0%	Rollout	Rollout	100% Implementation		100%
	Misuse of assets cases	#	0	0	0	0	0	0	0	0
	Confirmed Code of Conduct violations (#)	#	3	1	1	2	1	3		Track
Supply Chain Governance	Suppliers signed CoC (%)	%	82%	82%		98%	Rollout	98%		100%
	New suppliers screened (%)	%	90%	90%	85%	90%	90%	90%		100%
	Supplier ESG Expectation Notification (%)	%	45%	45%	35%	75%	68%	72%		≥70%
	Tier 1 suppliers assessed (%)	%	78%	78%	70%	85%	70%	78%		100%
	Traceability – Child Labour & Forced Labour (%)	%	85%	78%	70%	85%	70%	78%		100%
	Traceability - Conflict of minerals & responsible sourcing(%)	%	85%	85%	78%	100%	100%	100%		100%

Detailed Table



			FY2024 (Base Year)	Toronto 2024	Monterrey 2024	Toronto 2025	Monterrey 2025	Global 2025	Target
Units									
SOCIAL									
People & Inclusion	Forced labour cases	#	0	0	0	0	0	0	0
	Discrimination cases	#	0	0	0	0	0	0	0
	Women hiring (%)	%	37%	35%	30%	38%	34%	37%	15%
	Employees trained (%)	%	90%	92%	87%	100%	100%	100%	100%
	Accessibility compliance (%)	%	65%	65%	55%	78%	70%	75%	100% (2028)
	Job postings compliant (%)	%	88%	88%	80%	100%	80%	90%	100%
	Unresolved discrimination cases	#	0	0	0	0	0	0	0
	Supplier labour compliance (%)	#	100%	100%		100%	Rollout	100%	100%
Safety	Incident Rate	Rate	4.79	7.78	1.79	2.82	3.23	3.03	Continuous reduction
	Severity Rate	Rate	2.51	0	5.02	11.97	13.27	12.62	Continuous reduction
	Near-Miss Reporting	%	0.7	0.7	0.7	0.91	0.89	0.9	≥90%
	Training completion (%)	%	93%	93%	88%	100%	100%	100%	100%
ENVIRONMENTAL									
Climate	Scope 1 (tCO ₂ e)	tCO ₂ e	280.75	197.97	82.7	273.81	99.5	373.31	-10% by 2030
	Scope 2 (tCO ₂ e)	tCO ₂ e	296.52	291.14	5.38	196.11	6.06	202.17	-20% by 2030
	Scope 3 (tCO ₂ e) / Solid Waste	tCO ₂ e	98.15	98.15	0	89.56	0	89.56	-15% by 2030
	Scope 3 (tCO ₂ e) / Hazardous Waste	tCO ₂ e	34.12	2.78	31.34	1.39	20.44	21.83	-15% by 2030
	Water reduction m3	m3	3087.00	613.00	2474.00	1604.34	3348.00	4952.34	-30% by 2030
	Recycling coverage (%)	%	100%	80%	70%	100%	100%	100%	100%
	Suppliers ESG compliant	#	0	0	0	0	0	0	0
Data privacy violations	#	0	0	0	0	0	0	0	
TRAINING & DEVELOPMENT									
Hours Trainign x employee	Environment, Health & Safety	Hours	1788	1690	98	1734	152	1886	
	On-the-Job / Quality Training	Hours	1045	505	540	4463	1129	5592	
	Indirect Labour (Leadership, ISO, Audits)	Hours	582	442	140	0	250	250	
	Ethics & HR	Hours	176	176	0	189	285	474	