

FY23 Markdom Environmental, Social and Governance Report



Content

Markdom Overview	02
Our Environmental Policy	03
Our Metrics	04
Reduction of Carbon Emission	05
Climate Action Plans	06
Our Safe Workplace	07
Our People	08
Making a Difference	09
Our Corporate Governance	10
Our Ethical Commitment I & II	11 - 12
Our Child and Forced Labour Prevention Policy	13
Responsible Business I & II	14 - 15

Our Vision

Serve the needs of our customers, produce quality products and support employees' development. Key to our performance in these areas is an equally strong commitment to doing business ethically and with integrity

Our Ethical Commitment

Build a culture with high ethics that will outline our policies, laws, procedures and standards that impact our business.

Each of us has a responsibility and duty to behave ethically and legally, but most importantly, we should lead by example.

We value our customers, employees and company; therefore, we are committed to conducting our daily activities with integrity, fairness and excellence.

Our Key Behaviours

- ✓ Serve our Customers with the respect and value they deserve
- ✓ Ensure a positive and diverse working environment where all employees respect each other equally, value their contributions and treat each person fairly
- ✓ Provide excellent service and Quality products
- ✓ Minimize our environmental impact, promote conservation, and contribute to a greener and more sustainable future.



Customers



Employees



Quality



Environmental

Our Environmental Policy

Statements

<p>Resource Conservation</p> <p>Markdom is committed to conserving natural resources, including water, energy, and raw materials, by implementing efficient processes and practices.</p>	<p>Waste Reduction and Recycling</p> <p>We will minimize waste generation and promote recycling, reuse, and responsible disposal practices within our operations.</p>	<p>Energy Efficiency</p> <p>We will strive to reduce energy consumption and promote the use of renewable and clean energy sources where feasible.</p>	<p>Emission Reduction</p> <p>We will work to reduce greenhouse gas emissions by implementing energy-efficient technologies and transportation alternatives.</p>
<p>Sustainable Procurement</p> <p>We will consider environmental sustainability criteria when selecting suppliers and products, with a preference for those with eco-friendly and sustainable certifications</p>	<p>Environmental Compliance</p> <p>Markdom will comply with all applicable environmental laws, regulations, and standards in all jurisdictions where we operate.</p>	<p>Environmental Awareness</p> <p>We will provide training and awareness programs to employees to promote environmentally responsible behaviour and practices.</p>	<p>Reporting and Transparency</p> <p>We will maintain transparency in our environmental sustainability efforts by regularly reporting our progress, achievements, and challenges to stakeholders and the public.</p>



Purpose

Markdom is committed to sustainable and responsible business practices that minimize our environmental impact, promote conservation, and contribute to a greener and more sustainable future. This Policy reflects our dedication to environmental stewardship and corporate responsibility.

Our Metrics

We understand that it's essential to operate our business in an environmentally sustainable way. That's why we're committed to produce resource-efficient products while limiting our environmental impact in greenhouse gas (GHG) emissions, energy usage, waste production, and water consumption.

We know it's important to take action, and we're making steps towards becoming more energy efficient. As part of this effort, we've recently joined the Manufacture 2030 tool to help us with our Carbon Emission Target Setting & Reduction Action Plan.

We are exploring several eco-friendly alternatives to our current practices to reduce our emissions.



METRICS

GHG Emission (Scope 1)*	2022	2023
Birchmount Location (CO2e)	692.7 t (metric)	665.7 t (metric)
Nantucket Location (CO2e)	237.8 t (metric)	364.3 t (metric)
Total	930.5 (metric)	1 k t (metric)

Direct Energy (Scope 2)*	2022	2023
Birchmount Location	17.6 (TJ)	16.9 (TJ)
Nantucket Location	7.9 (TJ)	10 (TJ)
Total	25.5 (TJ)	26.9 (TJ)

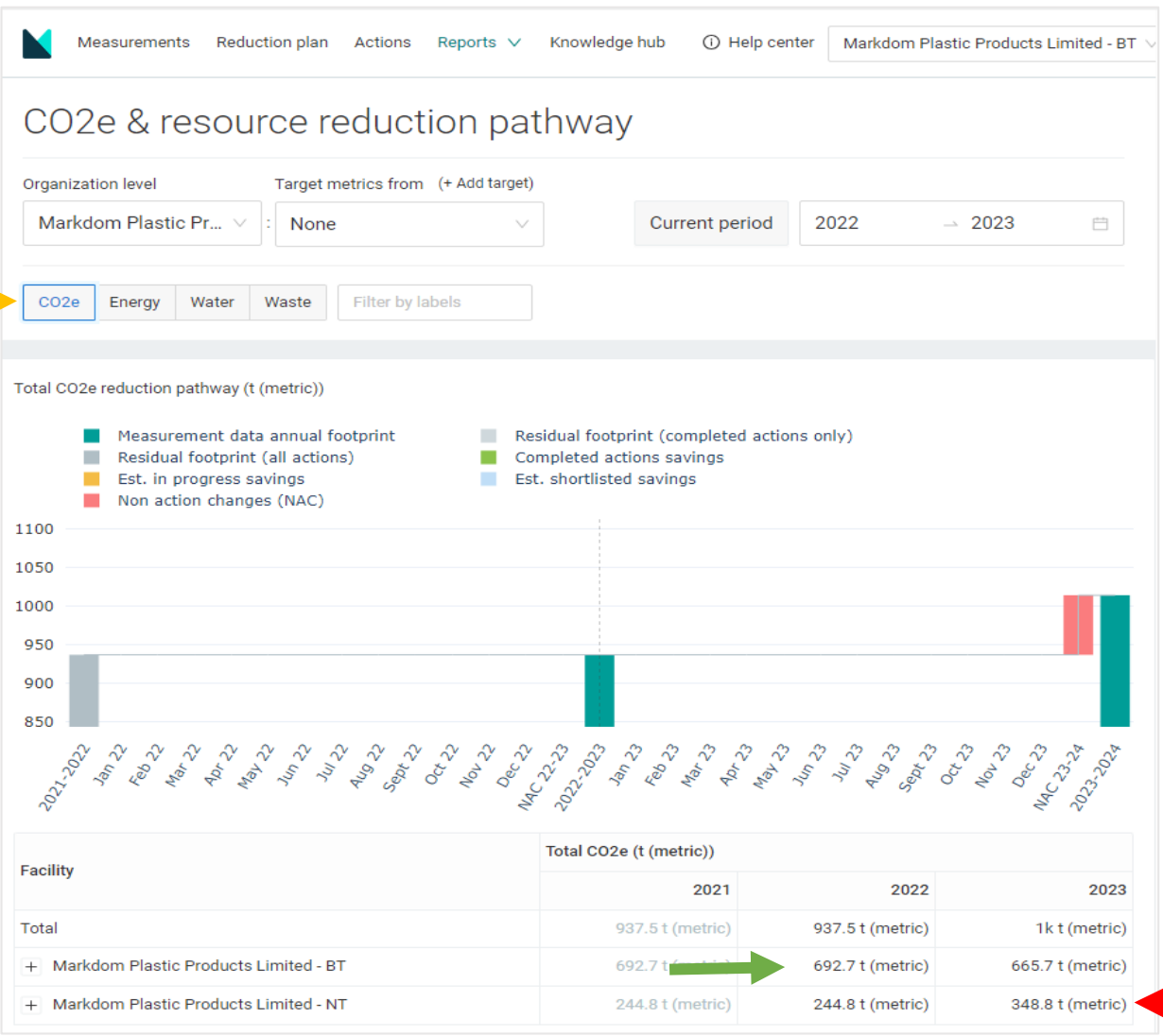
Indirect Energy (Scope 2)	2022	2023
Propane	66,807 (Kwh)	103,302 (Kwh)
Natural Gas	1,748,154 (Kwh)	2,232,563 (Kwh)
Total	1,814,961 (Kwh)	2,335,865 (Kwh)

Waste	2022	2023
Non - Hazardous	368.52 (MT)	601.6 (MT)
Hazardous (Used Oil)	3.302 (MT)	2.15 (MT)
Total	371.822 (MT)	603.75 (MT)

Water	2022	2023
Birchmount Location	829 (m3)	1121.64 (m3)
Nantucket Location	603.36 (m3)	450.68 (m3)
Total	1,432.36 (m3)	1,572.32 (m3)

* Results retrieved from Manufacture2030

Reduction of Carbon Emission



Our Achievement

We have made progress in reducing our CO2 emissions at Birchmount location, managing to decrease them by 4%. In 2022, our CO2 emissions were recorded at 692.7 metric tons (t), and in 2023, they decreased further to 665.7 t (metric).

Our Challenge

In 2022, our CO2 emissions in Nantucket were recorded at 244.8 metric tons(t). However, in 2023, we noticed a substantial increase to 348.8 t (metric).

After careful analysis, we identified the factors contributing to the increase, which included the addition of new machinery, an increase in production, and an expansion in our workforce.

We recognize the importance of reducing our carbon footprint and are committed to taking proactive steps to minimize our impact on the environment.

Climate Action Plans

Action title	Focus area	Status	Target / Completion date (YY-MM)	Energy savings type 1	Scope 1 CO2e savings Controlled by company	Complexity	Team
Audit and Repair faulty HVAC Equipment	Space Conditioning	In Progress	2025 - 01	Electricity (standard)	1-5%	Very high	Maintenance
Set chilling and cold storage to highest safe temperature	Cooling	In Progress	2025 - 01	Electricity (standard)	1-5%	High	Maintenance
Change 'hot' light fixtures for colder operating bulbs in chilled areas - e.g. LED/T5s	Cooling	In Progress	2026 - 01	Electricity (standard)	5-10%	Moderate	Maintenance
Schedule recharging of batteries during off-peak energy demand periods	Energy Management	In Progress	2024 - 12	Electricity (standard)	5-10%	High	Warehouse
Reduce quantity of virgin plastics, increase recycled content in products	Product Design	In Progress	2024 - 12	Physical or chemical Processing	5-10%	High	Production
Implement a consistent floor marking scheme	Operational Excellence	In Progress	2025 - 07	Manufacturing Process	5-10%	Moderate	Warehouse
Change Forklift Trucks (FLT) / Reach Trucks / Pallet Trucks, from fossil fuels (Diesel)	Transportation and Distribution	In Progress	2025 - 05	Propane / Energy Forklift	5-10%	High	Warehouse



Our Ambition : Zero Accidents

Targets:

≤ 3

Incident Rate
by 2024

2

Severity Rate
by 2024

95%

of management team trained in
risk management
by 2024

2023 Outcome:
1.1

2023 Outcome
0 Zero

2023 Outcome
Quote & Budgeting training

A Safe Workplace

<p>Leadership commitment Leaders at all levels of the organization are actively involved in creating a culture that supports and promotes strong H&S performance and continuous improvement.</p>	<p>Employee involvement Employees are actively engaged in all aspects of H&S performance, including identifying and reporting hazards/risks</p>	<p>Work safety is a condition for employment Every employee is responsible for contributing to their own workplace safety</p>	<p>Recognition and control of risks Processes and procedures will be implemented to proactively identify, prevent, reduce and/or control potential hazards/risks.</p>	<p>Continuous improvement Processes and procedures are implemented to monitor H&S, identify risks and provide opportunities for improvement.</p>
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Markdom is fully committed to ensuring safe working conditions for both its employees and contractors. We firmly believe that workplace accidents can be prevented, and we constantly strive to eliminate all work-related injuries and illnesses.

The responsibility for H&S starts with senior management; every employee is accountable for identifying and eliminating unsafe conditions and behaviours and for speaking up if they notice anything concerning.

Encouraging a healthy incident reporting culture in the workplace is essential to boost morale, productivity, and overall well-being of the organization and employees.

To report an incident, visit Markdom's Reporting site at <https://forms.office.com/r/jA3wC2H3Yd> or use the QR code



Our People

A Fair Employer

We are committed to fair employment terms and conditions in accordance with:

Applicable Laws	Markdom's Code of Conduct and Ethics	Employee Handbook and Employment policies
<p>They support Labour and Human Rights, freedom of association, the abolition of forced labor, the minimum age, child labor, freedom from any form of discrimination or harassment, equal remuneration, and discrimination.</p>		

Enhancing Skills and Engaging Employees

<p>Skilled and experienced leaders Markdom is proud to have some of the most skilled and experienced leaders and experts in the injection moulding industry. We firmly believe in the power of sharing knowledge, which creates a culture of learning, inclusion and collaboration among our employees.</p>	<p>The onboarding Experience The onboarding process for new employees is critical, and we have developed a new on-the-job tracking list for each department. This ensures maximum efficiency and that everyone is performing at their best.</p>	<p>Communication is key to employee growth and development. We built a personal and transparent communication platform between employees and managers to assess skills and enhance employee growth. The AssessTeam platform summarizes these communications periodically and supports performance reviews throughout the year.</p>	<p>Job Position Matrix We are building the job position matrix to provide employees with a clear career path, leading to high levels of engagement and job performance. We are confident that this will help our employees achieve their full potential and contribute greatly to the success of our company.</p>
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Targets:

15 %

Increase women hired by 2024

2023 Outcome:
17.4%

80%

of salaried team trained in ethics, Labour & Human Rights, IT security and diversity & Inclusion by 2024

2023 Outcome:
Training was launched - March, 2024

85%

On-Time Performance Reviews by 2024

2023 Outcome:
81.82%

Making a Difference

Giving Back to Society



**United Way
Greater Toronto**

United Way Campaign

We value community engagement and recognize the importance of supporting local initiatives.

In 2023, we launched the Markdom - United Way Campaign to help fund their local initiatives. We had the opportunity to collaborate with the United Way, an organization that provides essential support to hundreds of thousands of individuals through their social safety net programs across Peel, Toronto, and York region.

To achieve our fundraising goal of **\$5,000**, we organized several activities that fostered employee involvement and enthusiasm. Our team actively participated in various raffles, food events, and earth campaign events

World Wildlife Fund (WWF) – Climb for Nature 2024

We were proud to support the World Wildlife Fund's "Climb for Nature - 2024" event at the CN Tower, where our team of 10 climbers successfully completed the 1,776-step climb and raised **\$1,809** to support the restoration of nature, reverse wildlife loss, and fight climate change.

United Way Goal
\$5,000

WWF –Climb for Nature Goal
\$1,500

Achieved Goal:
\$6,000

Achieved Goal:
\$1,809







Our Corporate Governance

The United Nations Global Compact (UNGC) is a commitment that urges businesses worldwide to adopt sustainable and socially responsible policies while reporting on their implementation.

At Markdom, our goal is to promote these ten principles. We are dedicated to incorporating the UNGC and its principles into our business strategy, corporate culture, and daily operations.

We support the UNGC with the following:

 <p>Human Rights</p>	 <p>Labour Standards</p>	 <p>Environment</p>	 <p>Anticorruption</p>
+	+	+	+
<ul style="list-style-type: none"> • Human Rights Policy • Child and Forced Labour Prevention Policy • Supplier Performance Expectations 	<p>We commit to:</p> <ul style="list-style-type: none"> • Fair and equitable wages • Prohibit forced labor, child labor and human trafficking • Promote a workplace free of discrimination and harassment • Promote a workplace free of violence • Freedom of association and collective bargaining 	<ul style="list-style-type: none"> • Environmental Sustainability Policy • Conflict Minerals Policy • Climate Action Plans 	<ul style="list-style-type: none"> • Anti-Corruption and Anti-Bribery Policy • Conflict of Interest Policy • Antitrust and Competition Laws • Mandatory Trainings

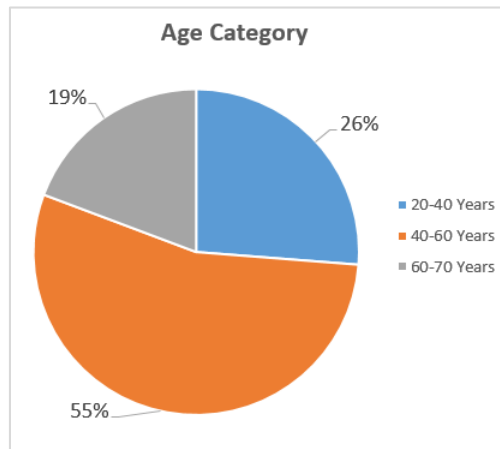
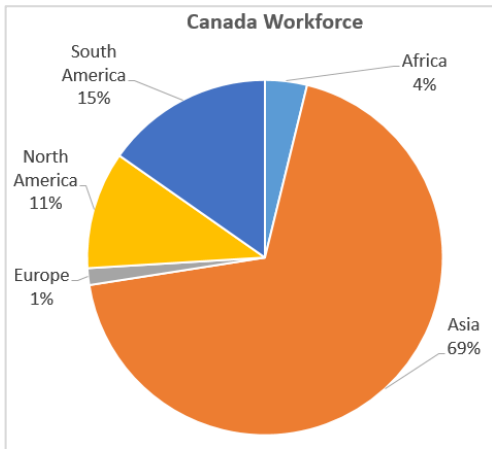


Our Ethical Commitment I

Our ethical culture starts with our Code of Conduct and Ethics and it is supported by our policies, procedures and education. Here is the list of our [ethics pillars](#):

- Markdom Code of Conduct and Ethics
- Workplace Harassment Policy (Non-harassment, Bullying, Sexual and Workplace Sexual Harassment)
- Anti-corruption and Anti-bribery Policy
- Conflict of Interest Policy
- Antitrust and Competition Policy
- Markdom Supplier Performance Expectations*

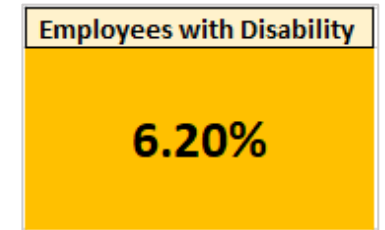
[Inclusion](#) is fundamental to our culture and we believe that everyone should be respected and treated fairly.



Inclusion and Accessibility

- Accessibility Ontario Disability Act (AODA) Policy
- Integrated Accessibility Standards Policy (IASR) Policy
- Non-discrimination and equal opportunities
- Fair and Equal Treatment Policy
- Policy with respect to Disconnecting from Work
- Child and Forced Labor Prevention Policy*
- Human Rights Policy

* **New 2024**



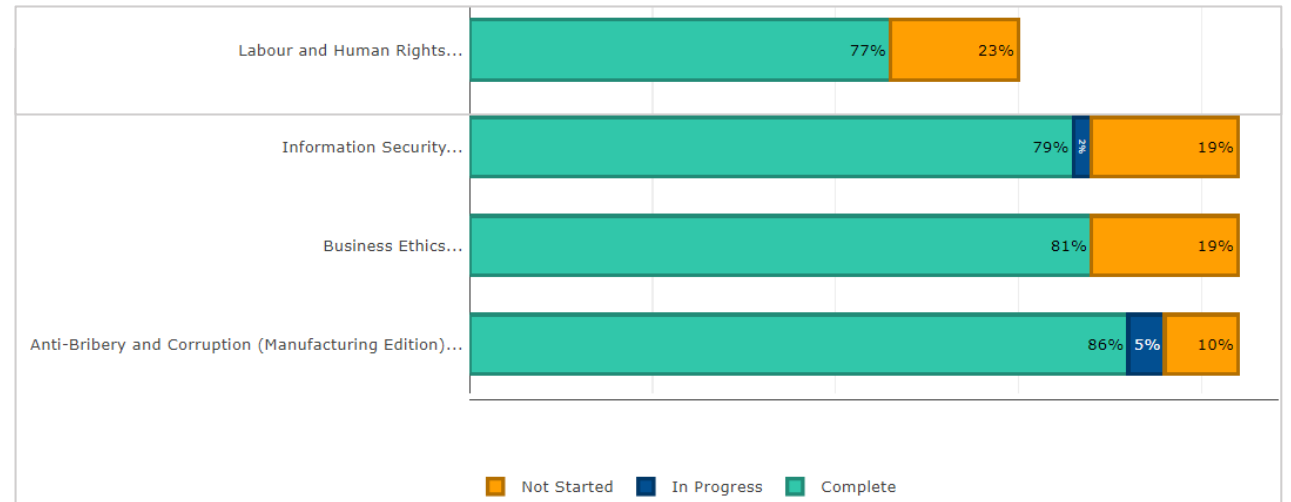
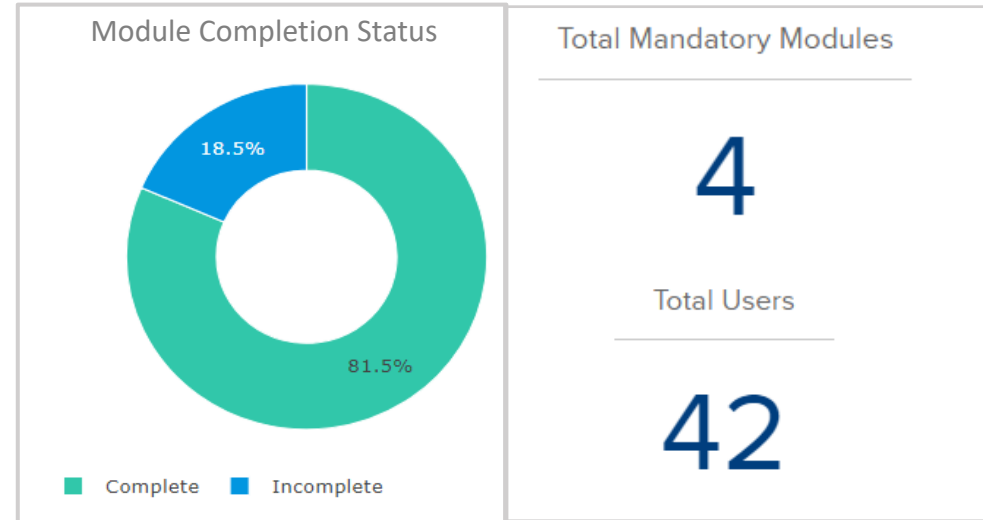
Our Ethical Commitment II

We believe diversity and inclusion drives business, performance and innovation. It stretches beyond gender and all our employees are to be treated equally.

We promote a workplace free of discrimination and harassment due to individual characteristics such as gender, age, physical, psychological, religious, disability, sexual orientation or ethnic origin. Physical, psychological, religious, sexual or verbal harassment is not accepted.

We launched in April 2024 a Compliance e-Learning training module which covers:

- Labour and Human Rights
- Anti-Bribery & Corruption,
- Information Security
- Business Ethics



Our Child and Forced Labour Prevention Policy



Markdom is committed to conduct business by always complying with and respecting human rights and workers' rights as well as ensuring that employees have the right to enter work voluntarily and freely, without menace of any penalty.

Markdom will act professionally, fairly and with full integrity in carrying out business relations with every employee without giving tolerance to all forms of child labor and forced labor, either directly or indirectly.

<u>Prohibition of Child Labour</u>	<u>Prohibition of Forced Labour</u>	<u>Supplier Expectations</u>
<p>Markdom strictly prohibits and does not tolerate any child labor practices in all of Markdom's activities.</p>	<p>Markdom strictly prohibits and does not tolerate any forced labor practices. The freedom of workers may not be restricted and must be ensured at all times.</p>	<p>It is Supplier's responsibility to operate above and beyond Markdom's business ethical principles including but not limited:</p> <ul style="list-style-type: none"> a) Provide a safe and inclusive workplace b) Compliance with environmental protection c) Respect legislations or regulations applicable in the production countries and the areas/ countries where the product is sold or used d) Support and respect the protection of human rights e) Eliminate all forms of forced labour and child labour and/or human trafficking f) Supplier's employees must be treated in a fair and non-discriminatory manner g) Provide equal opportunity against discrimination on the prohibited grounds of race, gender, sexual orientation, health condition, disability, age, nationality or religion



Responsible Business I

Conflict Minerals

Markdom has implemented a Conflict Minerals policy that prohibits human rights abuses associated with the extraction, transport or trade of minerals. We support the goal of the Dodd-Frank Act of preventing armed groups in the Democratic Republic of the Congo and adjoining countries from that region.

We recognize the need to end the illegal extraction and trade of natural resources, and the associated human rights violations, conflict and environmental degradation, which results from this trade. These issues are in a critical state in the region of the Democratic Republic of Congo (DRC) as a result of certain unlawful practices in the extraction and trade of ores of tantalum, tin, tungsten and gold, which flow to world markets (including the automotive industry) through the DRC region.

We are taking action to increase transparency, ensure responsible procurement, and drive positive changes:

Human Rights Abuses

We prohibit human rights abuses associated with the extraction, transport or trade of minerals.

We also prohibit any direct or indirect support to non-state armed groups or security forces that illegally control or tax mine sites, transport routes, trade points, or any upstream actors in the supply chain.

Corruption, money-laundering and bribery

We do not tolerate corruption, money-laundering and bribery.

We require the parties in our supply chain to agree to follow the same principles and are working with our supply chain to improve the traceability of minerals and ensure responsible sourcing.

Review and Audit our Suppliers

In order to comply with the rules and regulations promulgated by the U.S. Securities and Exchange Commission (“SEC”) under Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, we will review and audit our sourcing supply chain to identify any minerals that may qualify as “conflict minerals” under the SEC rules.



Responsible Business II

Supply Chain Sustainability

We require all of our suppliers to adhere to the laws and regulations in the regions where they operate and to follow Markdom's policies and procedures, which include:

- Markdom’s Supplier Code of Conduct *
- Supplier Performance Expectations *, and
- Supplier Audit *

We expect our suppliers to commit to the following:

- Adhering to Markdom's Supplier Code of Conduct
- Maintaining health, safety, and environmental standards
- Conducting business ethically
- Complying with social principles such as Human Rights, Child labour, Forced labour and discrimination
- Following non-conforming product procedures
- Providing necessary purchasing documentation
- Meeting delivery expectations
- Maintaining manufacturing capacity
- Implementing quality systems and continuously improving

* Launched Q1, 2024



Our Goal : Responsible Sourcing

Targets:

100 %	100%	100%	70%	0%	2.3%
Suppliers’ performance expectations notified	Suppliers’ Code of Conduct notified	Suppliers responded to conflict minerals	Suppliers signed the performance agreement	Suppliers identified having a Conflict of Minerals	Companies owned by women
by Q1 2024	by Q1 2024	by Q1 2024	by Q1 2024	by Q1 2024	by Q1 2024



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