Solutions Today, Driven to the Future

2021 Sustainability Report

The NARMCO Group

Sustainability is both attainable and sustainable
2022/11/29

The NARMCO Group
Corporate Social Responsibility Report with Sustainability for 2021

The NARMCO Group is a private, family held collection of companies pulling both as individuals and together under one banner, supplying Metal Stampings, Modular Assemblies and E-Coating to the Automotive Industry.

With corporate offices in Windsor, Ontario The NARMCO Group operates in three regions.
- Southern Ontario, Canada
- Alabama, US
- Queretaro, Mexico

Broken down into five divisions
NARMCO Canadian Divisions
- Central Stampings Ltd.
- Canadian Electrocoating Ltd.
- Prince Metal Products Ltd.
- Nartech Metal Products Ltd.
- Nartech Metal Products (Plant 2)

NARMCO Mexico division
- NARMX Queretaro SA DE CV

NARMCO Fixture, Automation & Integration Division
- J.F.K. Systems

NARMCO Tooling Division
- Kapco Tool & Die Ltd.
- Russell Tool and Die Ltd.

NARMCO USA Division
- Prince Metal Stampings USA Inc.

This is the first report covering the 2021 calendar year from January 1 2021 to December. 31 2021 With the intent to publish every two years unless there has been a significant change in the structure of the organization or our material topics. The objective is to establish the relationship between our current policies/goals and how they impact sustainable development with respect to our material topics.

The reporting period is to line up with our NPRI and our CPD reporting periods and does not line up with our fiscal year.

The report was prepared in alignment with GRI reporting by Stephen Earl
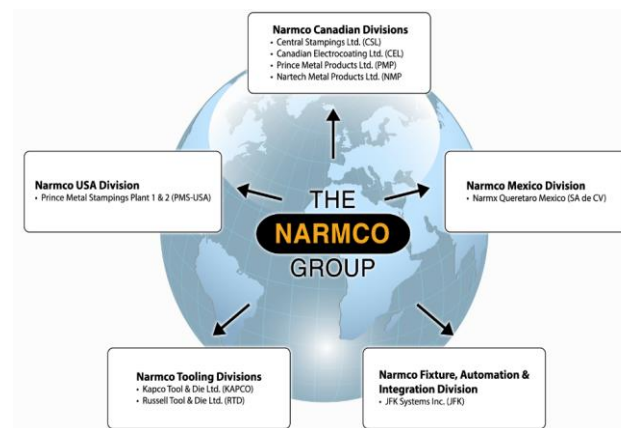
This report differs in the calculation methodology of calculating GHG numbers that were previously reported in other publications. To line up with CDP approved calculation this report was prepared using UNEP guidelines last printed 2000/10/25

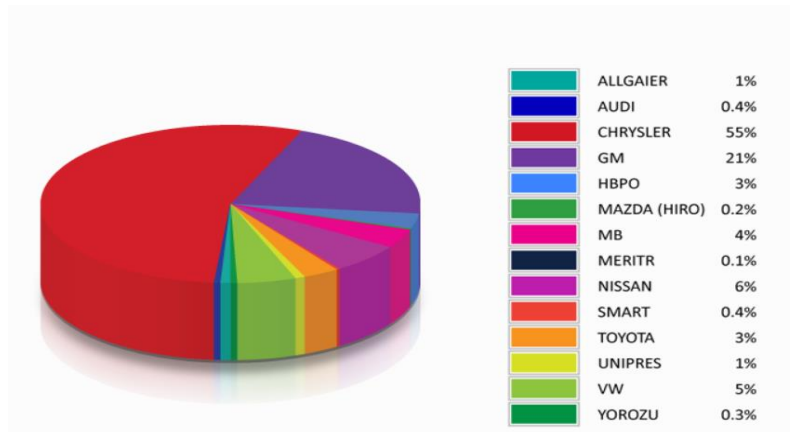## 2.6 Activities, Value Chain and other Business Relationships

The NARMCO Group is a supplier of metal stampings and assemblies to the Automotive (OEM) assembly plants. Classed as 251010 Auto Components under Global Industry Standards (GICS).

Supplying small to large stampings and assemblies, both steel and aluminum. Three operations (Canadian Electrocoating Ltd, Prince Metal Stampings and NARMX) have e-coat lines with one of those (NARMX) having an attached Powder coat line. Customer base is primarily North America (Canada, US and Mexico) with limited parts shipped to Europe and Asia.

As a privately held company The NARMCO Group does not make sales numbers public

Broken down into five divisions

ALLGAIER	1%
AUDI	0.4%
CHRYSLER	55%
GM	21%
HBPO	3%
MAZDA (HIRO)	0.2%
MB	4%
MERITR	0.1%
NISSAN	6%
SMART	0.4%
TOYOTA	3%
UNIPRES	1%
VW	5%
YOROZU	0.3%

Our foot print in the Southern Ontario region has advantages to the OEM plants with the majority of our sales being with Stellantis followed by GM making up nearly ¾ of total sales.

The manufacturing division supply chain is fairly concise. The major component, steel is supplied from warehouses or distributors with direct relationship with the mills. A Constant source is critical in reducing variation in the final product. As such some OEM's require traceability back to the rolling mill on product.

Other bracketry includes nuts, studs, etc. are supplied as part of a long term contract with a dedicated source of supply.

The cross application of fasteners among platforms lends to long term relationships with our supply base. Most of which are Tier II suppliers to other OEM manufacturers. The idea of common fasteners has aided in lessening the risk from the supply chain. In particular where COVID restrictions were a challenge. Procurement Practices were determined to be a material topic as such and are further defined in that section.

The majority of our product is shipped to an OEM manufacture with a very small percentage shipped as service to rebuilders or service depots.

The NARMCO Group has developed close business relations with several tool shops and equipment builders, most of which are local to our manufacturing location.

In addition, just coming off major expansion to our Mexico division, the 2021 calendar year has seen a major expansion to one of our Alabama locations with a closed date of 2022/08/30 on an additional 4581.5m2 of manufacturing space.

2.7 Employees
Data from employment disclosure file (sheet 2)

Total number of employees

Female	320 (26%)
Male	896 (74%)
Total	1216

Employee count is based on employment numbers on December 31, 2021. Data provided by each company is total into the three regions. Our practice is not to use non-guaranteed employees as such that category is absent from the report.

By region our Canadian operations have been in operation significantly longer with the original company dating back to 1945. Until recently heavy manufacturing had been predominantly male dominated. Those long term employees skew the ratio of male to female. US and Mexico being newer operations, the regional charts start to show progress towards a more equitable balance. The organization does not use workers who are not employees.

Permanent Employees by Region

Canadian	US	Mexico

Female	159 (18%)	Female	89 (25%)	Female	59 (32%)
Male	736 (82%)	Male	258 (75%)	Male	120 (68%)
Total	891	Total	347	Total	179

Temporary Employees by Region

Canadian	US	Mexico

No Temporary Employees

Female	6 (18%)	Female	1 (50%)
Male	27 (82%)	Male	1 (50%)
Total	33	Total	2

Full-Time Employees by Region

Canadian	US	Mexico

Female	154 (18%)	Female	89 (25%)	Female	59 (32%)
Male	712 (82%)	Male	258 (75%)	Male	120 (68%)
Total	861	Total	347	Total	179

The NARMCO group does not use workers that are not employees

Part- Time Employees by Region

Canadian	US	Mexico

No Part-Time Employees

No Part-Time Employees

Female	36 (33%)
Male	72 (67%)
Total	108

Our work started late in June 2021 with a commitment to report 2021 as a base point year. The Corporate Responsibility Team (CRT) was built around our Internal IATF/EMS auditing team. Acting independent from, but reporting directly to Director of Operation and General Counsel. That group was an ideal building block . The team was enhanced by individuals from Environmental, Human Resources/Health and Safety, Purchasing, Production Control, and Accounting, with the responsibility of managing social impacts.

In preparation of this report the Sustainability Committee, which consists of a cross functional team, reports to the Sustainability Officer. Together with the engagement of interested stakeholders. Its purpose is to provide a sustainable future.

With the Director of Operations and General Counsel reporting to the Chief Executive Officer and Chief Operating Officer who have the final approval of the material topics and the final CSR report.

Board of Directors

Director of Operation and General Counsel

Sustanability Officer

Sustanability Committee

| Enviromental | Human Resources Health and Safety | Purchasing Supplier Development | Production Control | Accounting |

Conflict of interest is controlled through our Corporate Policy Manual and provides the framework and guiding principles on business conduct and ethical behaviour. Conflicts of interest is detailed in CPM 0.1 code of Ethical Behaviour.

It is everyone responsibility to report areas of concern critical or not. Whistle Blower policies are in place with the expectation that any issue will be brought to the highest level. The Whistleblower policy applies to all of the NARMCO Group's staff whether full-time, part-time, or temporary employees, to all volunteers, to all who provide contract services, and to all officers and directors, each of whom shall be entitled to personal protection. Both a Hot line phone number and email address are available to all the above on the SharePoint site.

The Sustainability Committee is uniquely positioned to identify issues that could present as critical concern to the effectiveness of the Sustainability program. Reporting structure is as the above slide.

Collective Knowledge

Since 1980, Matthew's sons, Don and John Rodzik, have provided leadership in the capacity of Chief Executive Officer and Chief Operating Officer. Today along with a third generation management team in place (Amber, Donald, Jeffery, Jonathon, & Matthew) they have formed a team of working partners who are actively involved in daily operations in all corporate disciplines. This winning combination which breeds productivity, continuous improvements and quality in our work force, will ensure the growth of the organization with strongly effective succession plans

Management training and Leadership Development, As a vertical

integrated (full service) supplier that same strategy is ingrained through our training and development strategy. Internal growth opportunities are provided as positions open up. It is dependant of the employee to reach out showing initiative and drive to advance. The probation period provides the opportunity to identify the best approach with internal mentoring available.

Talent retention Being a family owned

business with the third generation working in Director level positions. The fourth generation is currently in training in middle management roles and follows the previous generation. Annual retirement surveys provide some insight and direction. However 2021 has provided opportunity's and challenges to both employees and employers.

Executive performance reviews are conducted semi annually with a bonus program based on the performance of the company as well as the employees contribution. As a privately held company renumeration packages are not available publicly.

Executive and Salaried bonus staff is reviewed semi annually for performance bonus and annually base rate increases. Both are based on the over all health of the company as well as their contribution. Sign on bonuses are not a normal part of our hiring practices. Termination payments are in line with local legislation and industry practices. Claw backs are not a part of our normal business practice.

As a Private organization the salaries of top executives are not disclosed

The NARMCO Group understands the relationship between the health of the ecosystem and global sustainability. Our commitment is to go beyond just compliance and commit to an overall reduction in our impacts.

Lead by our Corporate Executive our employment practices and human rights of workers in line with current local legislation. Policies are in place against all forms of corruption, bribery, solicitation, extortion etc. Details are made available to all internal parties through our policies and procedures.

Those same expectations are transferred to our supply base through our Supplier Manual and other policies available on our web site.
Our suppliers and other business partners are expected to be aware of and compliant with the Ten principles for the UNGC as detailed though our polices on supplier code of conduct. With respect to both; we support all employees' fundamental rights to freedom of association.

Prior GHG reporting has been based on submissions under Ontario Regulation 127, NPRI, federal and Provincial Greenhouse Gas Emission Reporting methodology. That process did not take full account of Scope 2 and Scope 3 emissions. With this report we hope to establish a long-term strategy for GHG calculation using the UNEP guidelines. Which is compliant with recommendation from CDP. Our expectation is that by the 2024 report we will have a better understanding of our Scope 3 emission, as such it is conceivable that our gains may be offset by a more accurate accounting model.

To align with UN Agenda for Sustainable Development The NARMCO Group has chosen to focus on five areas.

  4 - Quality Education
  6 - Clean Water and Sanitation
  11 - Sustainable Cities and Communities
  13 - Climate Action
  15 - Life on Land
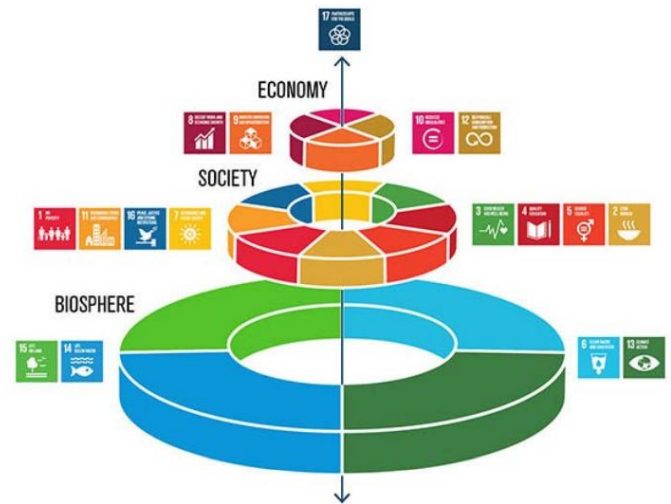
Source: Stockholm Resilience Centre

CSR report forces us to examine how we can better define the linkages between disciplines all driven through our core values. Policy's are prepared and approved at the Director of Operations level and rolled out horizontally across all Corporate Disciplines. Each of those disciplines are responsible to ensure those directions are integrated throughout the organization.

Policy commitments align with our basic business structure with Executive Management presenting to the Corporate level a summary outlining their goals and objectives. With that information and enlisting support of their Managers and Supervisors prepare individual long and short term plans. Those are then submitted back to Executive Management. Being a privately held organization our business plans and business relationships are only made available to key stakeholders and Executive Management.

The changing environment of legislation and customer specific requirements. Most are driven through notification from the customers and reliance on legal compliance audits. Training is done on a monthly basis with the goal of covering all relevant aspect of the organization/industry annually.

Training has been identified as a material topic. More specific details can be found in that section.

Stragic direction

Excutive Management
Goals and Objectives

Corporate Management
Policy and Procdures

Managers and Supervisors
Implementation

Contionus Improvment

Training and learning is an ongoing cycle driven

The NARMCO Group has broken the UN actions down to areas where we can directly affect first our Local Community and in turn our Global Community

4 Quality of Education; expand higher education scholarships
- Provide opportunities for work term training at secondary as well as post secondary levels.
- Support internal training initiatives that focus on the over all awareness of Global Environmental Change and Carbon Gas reduction

6 Clean Water and Sanitation; Support local engagement in water and sanitation management.
- Develop internal strategy for the reduction of water usage.
- Ensure any water used in our process is returned to the eco system is properly treated to the highest standard and with the latest technology

11 Sustainable Cities and Communities; Reduce the environmental impacts of cities
- Consider the Environmental impact as a key factor when expanding our facilities or adding new equipment.

13 Climate Action; Build knowledge and capacity to meet climate change.
- Use all means available to communicate internally our Environmental activities

15 Life on land; Ensure conservation of mountain ecosystems, protect biodiversity and natural habitats.
- Invest in sequestration projects that are designed to protect ecological areas and natural habitats

4 QUALITY EDUCATION

"Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all"

6 CLEAN WATER AND SANITATION

"Ensure availability and sustainable management of water and sanitation for all"

SDG 4 has ten targets which are measured by 11 indicators. The seven "outcome-oriented targets" are: free primary and secondary education; equal access to quality pre-primary education; affordable technical, vocational and higher education; increased number of people with relevant skills for financial success; elimination of all discrimination in education; universal literacy and numeracy; and education for sustainable development and global citizenship.

The three "means of achieving targets" are:

* build and upgrade inclusive and safe schools.
* expand higher education scholarships for developing countries.
* increase the supply of qualified teachers in developing countries.

The six "outcome-oriented targets" include: Safe and affordable drinking water; end open defecation and provide access to sanitation and hygiene, improve water quality, wastewater treatment and safe reuse, increase water-use efficiency and ensure freshwater supplies, implement IWRM, protect and restore water-related ecosystems.

The two "means of achieving" targets are

1. Expand water and sanitation support to developing countries.
2. Support local engagement in water and sanitation management.

"Take urgent action to combat climate change and its impacts".

"Make cities inclusive, safe, resilient and sustainable"

The targets cover a wide range of issues surrounding climate action. There are five targets in total.
The first three targets are "output targets":
1. Strengthen resilience and adaptive capacity to climate-related disasters.
2. Integrate climate change measures into policies and planning.
3. Build knowledge and capacity to meet climate change.

The remaining two targets are "means of achieving" targets:
1. To implement the UN Framework Convention on Climate Change.
2. Promote mechanisms to raise capacity for planning and management

SDG 11 has 10 targets to be achieved, and this is being measured with 15 indicators.
The seven "outcome targets" include:
1. Safe and affordable housing
2. Affordable and sustainable transport systems
3. Inclusive and sustainable urbanization
4. Protect the world's cultural and natural heritage
5. Reduce the adverse effects of natural disasters
6. Reduce the environmental impacts of cities
7. Provide access to safe and inclusive green and public spaces.

The three "means of achieving" targets include:
1. Strong national and regional development planning
2. Implement policies for inclusion, resource efficiency and disaster risk reduction
3. Support least developed countries in sustainable and resilient building.

"Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss"

Reference sources:

Web page where UN details of Sustainable Goal Development was found
https://unfoundation.org/what-we-do/issues/sustainable-development-goals/?gclid=EAIaIQobChMIyLn4yPj08gIVXgeICR3JVgJSEAAYAiAAEgI6lPD_BwE

Details on specific initiatives were taken from Wikipedia web pages

Conserve and restore terrestrial and freshwater ecosystems
1. End deforestation and restore degraded forests.
2. End desertification and restore degraded land.
3. Ensure conservation of mountain ecosystems, protect biodiversity and natural habitats.
4. Protect access to genetic resources and fair sharing of the benefits.
5. Eliminate poaching and trafficking of protected species; prevent invasive alien species on land and in water ecosystems.
6. Integrate ecosystem and biodiversity in governmental planning.

The three "means of achieving targets" include:
1. Increase financial resources to conserve and sustainably use ecosystem and biodiversity.
2. Finance and incentivize sustainable forest management.
3. Combat global poaching and trafficking.

We have long committed to an Open Door Policy (no formal policy) where all levels employees and contractors are free to express concerns to any level. Examples being but not limited to

- Human rights
- Business Practices
- Environmental concerns
- Health and Safety
- Supplier relationships
- Community concerns
- Inner personal relationships

Whistleblowing policy was developed and supported by at the Executive level with input from internal stakeholders. It covers protection from retaliation (CPM 0.29) was reviewed in August of 2021. Applicable to The NARMCO Group's staff whether full-time, Part-time, or temporary employees, to all volunteers, to all who provide contract services, and to all officers and directors. The policy lays out a vehicle where violation are reviewed by Human Resources/Labour Relations Counsel and presented to Executive Management. An e-mail address and a phone number are provided.

Community related concerns are addressed as part of our environmental policies. There were no concerns during the reporting period.

In preparation of this report we did note our polices to be light on detailing references to Human Rights. Although we do support the UN Guiding Principle 31 there is no specific references. A second area was in the tracking of grievance, again other that community/environmental concerns no detailed tracking system was in place.

There were no significant instances of non-compliance with laws and regulation during the reporting period.

Engagement with stakeholders takes place though a number of levels. On a regional level it is upper levels of management with the support of the local manufacturing plant. that is the primary contact with group such a local government authorities and organizations dealing with legal or legislative topics. The same structure holds for higher level employer employee negotiation. As well as initial supplier contacts/contracts. With the latter two once initial negotiations have been settled the local manufacturing plant takes over. Only reporting back up if a concern arises.

Where stakeholders are local to the plant such as community organization and local charities. The individual plant operation takes the lead with the support of upper levels of management

THE NARMCO GROUP

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This years 2021 can drive resulted are nothing short of AMAZING.

Together we collected 8,801 cans, 2,272 jars of Peanut Butter and $2,987 in cash for distribution to local food banks. Together with needed diapers and underwear that were donated to an orphanage of 76 children

Thank you to every one for your support.
- **Canadian Electrocoating**
- **Central Stamping**
- **Nartech Metal Products**
- **Nartech Metal Product Plant 2**
- **JFK**
- **Kapco Tool and Die**
- **Marentette**
- **Prince Metal Stamping**
- **Russell Tool and Die**
- **Prince Metal Stamping**
- **Narmx Queretaro**

With a special thanks to Dave's Café for the contribution of $2,500 towards the purchase of Peanut Butter.

Although we do not play a significant role, we are supporting member of
- AAMA Alabama Auto manufacturing association
- AIAG Automotive Industry Action Group.
- APMA Automotive Parts manufacturing association
- OESA Original Equipment Suppliers Association
- PMA Precision Manufacture Association

2-30 Collective Bargaining Agreements

The NARMCO Group operates with both Union and Non-Union Facilities. For this reporting period 26% of our employees are covered by a collective bargaining arrangement. The remaining although not covered under a bargaining arraignment are covered under similar employment agreement that defines the same level of commitment from both sides.

With the goal of sustainable growth towards a Carbon Neutral society by 2030. The focus was around both short term, being under two years, and mid term action that could have long term impacts.

In the absence of a sector standard (Metal Processing being #10 on the list publishes 19 November 2020) and with the three pillars top of mind
- Economy
- Environment
- People

For the purpose of selection of material topics the stakeholders were limited to internal employees mostly from middle management. Understanding that this process may not represent the broader attitude towards the organization it was decided that a concise group would provide a more target approach for our first report. Topics were selected based on GRI Topic Standards with write in options.

Economy
- Supplier Environmental Assessment
- Procurement practices
- Cyber Security

Environment
- Waste
- Emissions
- Water and Effluents
- Supplier Environmental Assessment

People
- Training and Education
- Employment

The results were reviewed by the Social Responsibility Committee (SRC) before presenting to the director of Operation for final approval. The list was accepted with no changes or recommendations.

Even with the absence of a larger group the focus is on areas we could have either the most positive or negative impact.

3-3 Supplier Environmental Assessment (Economy)

Supplier Environmental Assessment   Being under both Environmental and Economy reinforces the need for the due diligence around our supply base. This is an area where we have identified the need for improvements. Not all of our suppliers have been assessed beyond a self assessment for environmental impacts. As such percentage numbers are not available. Being certified to ISO 14001 we are very aware of the benefits of having an environmental system. Encouraging and supporting our supply base is an area where we as an organization can have positive impact. The standard at its foundation required the identification of relative legal requirements. In that process the suppliers knowing the requirements can ensure controls are in place to prevent any non-compliances that could adversely affect the environment, their reputation and in turn their ability to supply product.

To mediate that risk in the near term a more thorough process is being developed identify those suppliers that do not have a certified Environmental Management System (EMS). Although our supplier assessment asks for an environmental policy the lack of a policy has not been identified as a risk factor. Using that in combination with other factors such as a certified EMS system the SRC will work to establish a risk priority level for each supplier. Providing support and encouragement starting with those at highest risk. Suppliers unable or unwilling to support an environmental initiative pose an unnecessary risk and will be rated and reviewed accordingly.

Our supplier ratings are audited by our Internal Auditing Team (IAT), by our External Auditor (both IATF and EMS) and again by our customer. Spotlighting the importance of a stable supply base as a solid foundation that we can build on.

3-3 Management of Material Topics (Economy)

Procurement Practices are identified by:
- Material used for Production (MRP)
- Material used for the Organization (MRO)
- Support and Service Providers (SSP)

Pulling from a controlled supplier list does provide a stable and positive impact in that we know what and who we know. The negative side of that is that we <u>only</u> know what and who we know. To offset that as an organization we actively participate in customer driven supplier events, most notable being Toyota's Opportunity Exchange.

The NARMCO Groups policies towards purchasing are available on the web site and will only be detailed here to say that we view these relationships as partners with common goals. As we say that we also understand the economics of good stewardship and are committed to those supplier partners that understand that sustainability is both attainable and sustainable.

2021 reporting period was the first full year where ratings were monitored monthly. Overall we seen a one percent reduction in the average rating from 97% in 2020 to 96% in 2021. Both were up from the 2019 overall average 95%.

As seen in the ratings; committing to suppliers who share common goal has helped stabilize our supply base through the uncertainty of the past year.

3-3 Management of material topics (Economy)

A solid IT system has become an integral component of any business operation. In light of the increase in cyber attacks and with the encouragement of our major customer we closed out 2020 with successful certification of our IT system to TUV-TISX standard. We found that although our systems were solid our documentation had not kept up with the advancement in technology. Being audited and subsequently certified to an industry standard helped to drive the understanding of strong documentation. Cross training programs were established not only internally but also in support of increased awareness to our employees and how awareness due diligence was just as important in there personal life. Due to the nature of the risk no other details will be included in this report other than the audit scouring as seen in a subsequent.

3-3 Management of material topics (Environment)

Waste was broken down into six streams
- Steel/Aluminum (raw material) Offal
- Testing and Rejected Product
- Paint Line Waste
- Packaging Waste
- Facilities Waste
- Processing and Maintenance Waste

More details on the makeup of each can be found under that material topic. The offal is the extraneous material from the stamping process. All efforts are put into reducing it there are times when extra material is required to hold or transfer the part inside the pressing operation. Although product is separated at the source 3-3-c open top bins in the facility provide opportunity's for the addition of foreign material. The result can be contaminated waste stream. Albeit signage and training has been effective, more efforts need to be put on awareness. As a driver to sustainability material scrap is tracked with respect to sales dollars.

Product testing can result in product removed from the processing stream. In most cased that product can not be returned and is tracked as scrap. Non-Destructive technologies are used for welding allowing the product to be returned at the point it was removed. Where testing revealed product out of specification that material is segregated per our IATF Policies and can result in part being scrapped. Both sources are monitored under the Cost of Poor Quality (COPQ) and reported monthly.

Paint line waste similar to offal is a result of the painting process. As a separate waste stream one of which Waste Sludge requires a licenced disposal operator. Recent changes to the paint formulation along with changes in our pre-treatment chemicals have reduced the over all impact on GHG with the reduction in oven temperature. Paint usage is tracked as a factor of sales although not all product is painted our systems are not automatic setup to separate paint as a value added. The second water is better detailed under that material topic. Scrap (paint related defects) are tracked under the Cost of Poor Quality (COPQ) and reported monthly.

3-3 Management of material topics (Environment)

Where non-returnable options are not available. Packaging waste, normally cardboard and wooden pallets, is generated by the need preserve the integrity of the product. Where recycling facilities exist the product is separated and tracked for recycling. Where those facilities don't exist this product is directed toward landfill.

Clean cardboard is separated and can be re-used multiple times as separation/dividers for internal packaging. Large cardboard boxes are evaluated for structural integrity and often times reapplied again. Seen as a sustainability measure data from recycled and landfill is tracked and reported back to the Social Responsibility Committee.

Facilities waste while mostly food and food containers the bulk of which is not currently recycled with the exception of plastic bottles and aluminum drink containers, it also contain office waste paper. Not a direct result of business relationships it is a factor of the number of employees. Where recycling facilities exist employees are encouraged to separate recycling material. The effectiveness varies by location. Smaller operations are leading the way even when the data is normalized by employees number. Those lessons although valuable have been slow to migrate across in part due to COVID travel restriction. It is hoped that by high lighting some of these issues/opportunities this report will serve as a spring board across other operations.

Processing and Maintenance waste includes Drawing Compound, Die Lubricant from the stamping process combined with oils from equipment maintenance are collected and hauled off site by approved waste handlers. Reduction strategy are in place to curb the amount of processing lubricant by controlling the point of application. Oils and lubricants are an environmental measurable tracked against a trend line monthly. Studying trends in the data has lead to situations where reduction initiatives and new technologies are read across other product lines and other facilities.

3-3 Management of material topics (Environment)

The NARMCO Group has been submitting Climate change annually to CDP since 2017, during that period moving from D to C score with a final rating of
- Management 39%
- Awareness 31%
- Disclosure 20%
- Leadership 11%

The data submitted was based on reports prepared in compliance with Ontario Regulation 127 to be compliant with National Pollution Release Inventory (NPRI). Those reports did not track Scope 3 emissions with resulted in a D- score in that category. With the 2021 reports GHG emissions were calculated based on the UNEP Guidelines 10/25/00 and include better methodology for tracking both Scope 2 and Scope 3. By providing calculations for GHG equivalents our Environmental Management System (EMS) was expanded to track data monthly. UNEP Guidelines also provided guidance on normalizing the data based on Staffing and Sales. We understand that the goal is a reduction in over all emissions. However as the industry demand shifts across product lines being able to normalize data year over year provides valuable indicator. Staffing and Sales related trends provide our Stakeholders with information not only on the level of emission but the effectiveness of their reduction initiatives.

3-3 Management of material topics (Environment)

Water and Effluents CDP rating Submitting water reporting to CDP sense 2017, during that period moving from C- to B- score with a final rating

- Management 52%
- Awareness 15%
- Disclosure 15%
- Leadership 19%

Water policies and water accounting were identified and the area where more focus in needed. With e-coat paint lines at three facilities, one in each region. As mentioned earlier water usage is dependent on Sales and Staffing.

Until this report water had not been a relevant measurable It has since been added and tracked monthly as a Sustainability Measurable.

The paint line at our Canadian Electrocoating facility was not tracking waste water. That project on ongoing at the time of this report that project is ongoing.

3-3 Management of material topics (People)

Training and Education Has been challenging on two fronts.

- Keeping up with Technology

Our policies on employee training had largely based on requested coming up rather than from a management level down. To that end we are working to establish a minimum level of awareness in their respective department. Reviewing and where necessary updating our Training Matrix. The challenge is still going to rely on the Department Manager to keep up with changing system and search out training for there respective department.

The second being

- High turnover in staffing at all levels.

Still in line with keeping up with a changing system, this time to staffing. We have identified where new staff coming although bringing fresh ideas must first understand the current system. As above the Training Matrixes being a core tool these need to be reviewed by each Department Manager.

As well as an over all training strategy is being developed with the goal of combining relative topics and better use of social media as an awareness and recruitment opportunity.

3-3 Management of material topics (People)

Employment as with most areas manufacturing has and is still suffering from a lack of staff at all levels. Consumer demand has spiked at the same time a lot of people have stepped away form the labour force. New employees are from a different generation with a different set of expectations and values. Our methods and policies are changing in an attempt to attract new talent. Each geographic location has added a Recruiter directly on staff. Still it is a numbers game with a small percentage staying, most leaving for their own reasons. We have had to move away from a passive system to a recruiting system. Going to social media in an attempt to increase awareness of job opportunities. Attending Job fairs and employment events has opened up access to a wider population. The process has met with limited success and retention is still a problem. Following internal recommendations our onboard training practices have been adjusted from one day to two partial days giving new hires.

GRI 204: Procurement Practices

Purchasing is managed at a Corporate level across three categories.

MRP is product used in the fabrication of a final ship item. Such products include but not limited to weld nut or studs, tier 2 supplied bracketry and paint. Contact for MRP products are established at the beginning of a new product launch. Lead times are agreed on with delivery data set to line up with our production dates. The effectiveness of the system is measure by Inventory turns.

- Steel and Aluminum sources being directed by the end customer is not considered inside the scope of this report. Except to be included for delivery where Scope 3 emissions are affected.

MRO are products used inside the facility to support manufacturing operation and can range from gloves, safety equipment, lubricants and tool repair. As above vendors are selected from a Corporate list. Procurement is controlled through the issuance of an approved Purchase Order. Approval limits are established at different levels up to the Plant Manager.
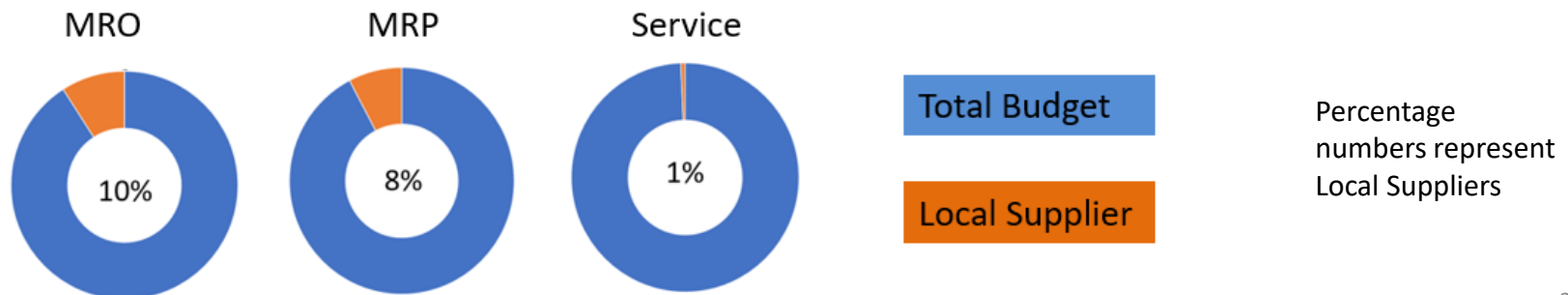
Service suppliers are those vendors that come onsite such as janitorial, HVAC maintenance, etc. Although a smaller group they are just as important in the operation. Follow the same model as MRO with the advantage of most being part of the local economy. Thus providing benefits beyond just our operations.

Although we prefer to use current vendors, solidify our long term relationship, there are time where overall costs can be reduces by looking outside.   This is not to say that opportunities to engage new vendors are ignored.

The same opportunities exist for new vendors with Corporate process for onboarding new suppliers.

Supplier Performance rating is detailed in our Supplier Performance manual available on NARMCO.com

Not fully implemented for this report is an area for we improve by assigning a carbon cost to the purchase of products/services.

MRO

10%

MRP

8%

Service

1%

Total Budget

Local Supplier

Percentage numbers represent Local Suppliers

303 Water and Effluent

CATEGORY SCORES

Improved in water related opportunities but still
Need work on water accounting

GRI 303: Water and Effluents

Water conservation and management strategy
A clean and adequate water supply is vital to the operation of our painting and washing processes. Operations in Canada and the US draw from municipal sources which are pulled from local fresh water sources, rivers and lakes. After treating to be compliant with local municipal standards used water is discharged back to the sewer system.

Our Ontario and Alabama location water is purchased from city sources. Each location treated to the applicable local requirements before discharge. Our plant in Mexico is in a water stressed area. Water consumed is sourced from two wells located inside the Industrial Park where the Plant is located, yearly max consumption needs to be contracted to government authorized private well owner. Water is discharged after chemical-mechanical water treatment through Industrial park piping that ends to a main private water treatment plant for reuse.

Water Usage
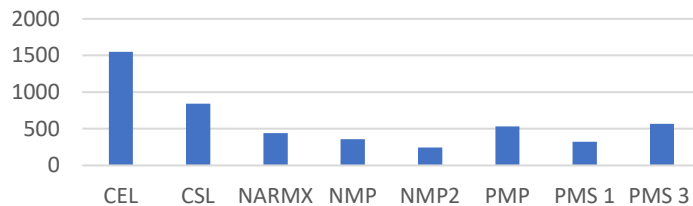
	January	Febuary	March	April	May	June	July	August	September	October	November	December
CEL	1486	1522	6728	928	1049	1369	1449	1196	1166	1230	1187	1161
CSL	330	250	225	219	209	260	240	234	225	201	182	188
NARMX	650	448	524	416	442	368	326	519	448	459	436	437
NMP	84	14	27	22	34	45	51	74	65	68	29	25
NMP 2	29	29	47	104	130	104	128	123	109	114	113	106
PMP	557	566	2884	442	449	587	621	513	500	527	509	498
PMS 1	75	79	74	79	76	79	76	81	71	85	79	71
PMS 3	730	816	703	714	740	738	793	623	612	736	802	705

Our CDP scoring for water, starting with our first submitting in 2017 have steadily improved from C- to a B- which is inline with the industry "Metal Products" average but below the Global Average of B. That same report identified area in "water accounting" as an area to improve. To that end monthly water consumption/cost is tracked as one our sustainability elements. Using 2021 as a base line the Carbon Reduction Team has been tasked with working towards our Reduce, Reuse and Recycle progress.

GRI 303: Water and Effluents

Water Map

Welding

Water is uses as a cooling source in our welding process. All systems are self contained and recirculating. The process only requires additional water to cover spill as a result of weld tip changes and evaporation

Paint Line(s)

Conversation methods are designed in the process with fresh water being used only in the rinse stage. That final stage is over flowed to the tank before with the process repeated up to the beginning of the line.

Paint Line(s)

Treated prior to release.
Canadian and US locations released into the municipal system
Mexico release through Industrial Park piping to a privet treatment facility

Potable

Covers drinking, janitorial cleanup and bathroom usage.

GRI 305: Emissions GHG

The negative impact of Greenhouse Gas on climate change is well known. As an industry the push is a commitment to reduce carbon neutrality by 2035. In line with that as an organization we have move to a compressive reporting structure. Previous GHG calculation had been pulled from submission to Ontario Regulation 127, NPRI, Federal and Provincial Greenhouse Emissions Reporting. Data from CEL, because of the paint line, was extrapolated based on sales dollars out to calculate emissions from US and Mexico operation. That process did not identify scope 2 or scope 3 emissions. Going forward and in line with CPD approved collection methods/calculations we have adopted the UNEP guidelines for identification for GHG for scope 1 through scope 3. The 2021 report will be based on the UNEP calculation for GHG equivalent establishing a new base line. Going forward 2021 will be considered as a base year.

	CEL	CSL	NMX	NMP	NMP2	PMP	PMS1	PMS3	Kapco	Russell	JFK
Scope 1	1603	873	671	335	581	498	350	331	248	285	196
Scope 2	61	89	3	19	0	69	25	46	-	-	-
Scope 3	35	14	11	5	1	10	14	3	-	-	-

Total GHG

Scope 1

Scope 2
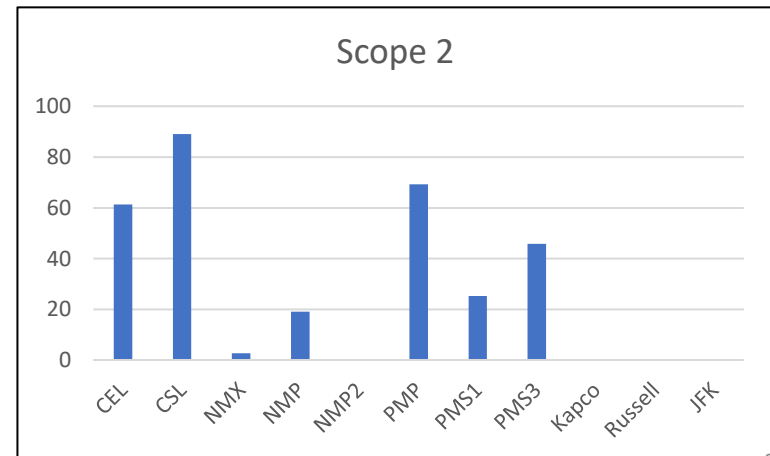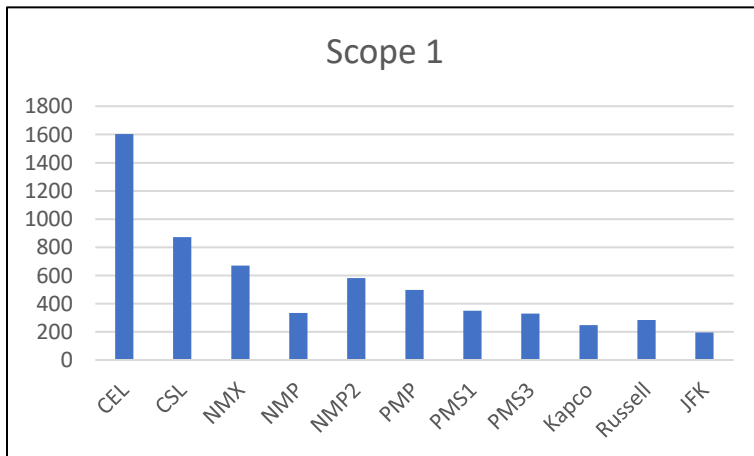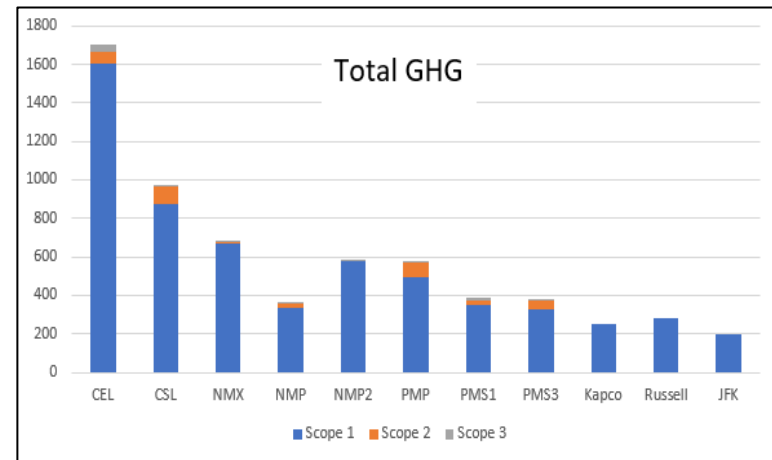
GRI 305: Emissions GHG

 When we normalize the data over the number of employees per site we see that NP2 which is the new location spikes well above the more established plants. Being a brown field site is does suffer increased heating costs as reflected in the amount of Natural Gas consumed. Upgraded are on track however combined with low initial sales we don't expect a significant improvement until 2025.

NARMCO is committed to a year over year 3% reduction in all direct GHG numbers. At this point carbon offsets are a decision. Our focus remains on reduction.

Our normal process do not use any Ozone Depleting Substances

VOCs are tracked in the Canadian location though calculation inside our NPRI reporting. US locations are calculated and reported based on paint usage. Mexico operation are extrapolated based on the CDN calculations. Sources are primary from the three ecoat/painting operations 3-7b. Total combined contribution of 20.6Tonne.

GRI 306: Waste

Waste is broken down into six sources.

Steel Offal
The stamping process can generate a significate volume of off-cut material that is separated at sources and diverted to scrap reprocessing facilities

Paint Line Waste
The pre-wash and phosphate in addition to being highly water dependant does generate sludge that is filtered out a cake and disposed of through approved vendors. The water as a resource is feed forward through the paint system to minimize the amount of fresh water used. It is then treated before releasing back into the municipal system.

Packaging waste
In order to preserve the integrity of the product material required for production is received packaged. As a source of waste packaging materials are sorted where recycling facilities exist to reduce the volume of waste. Solid wood pallets form the bulk of material and is separated for recycling where facilities exist.
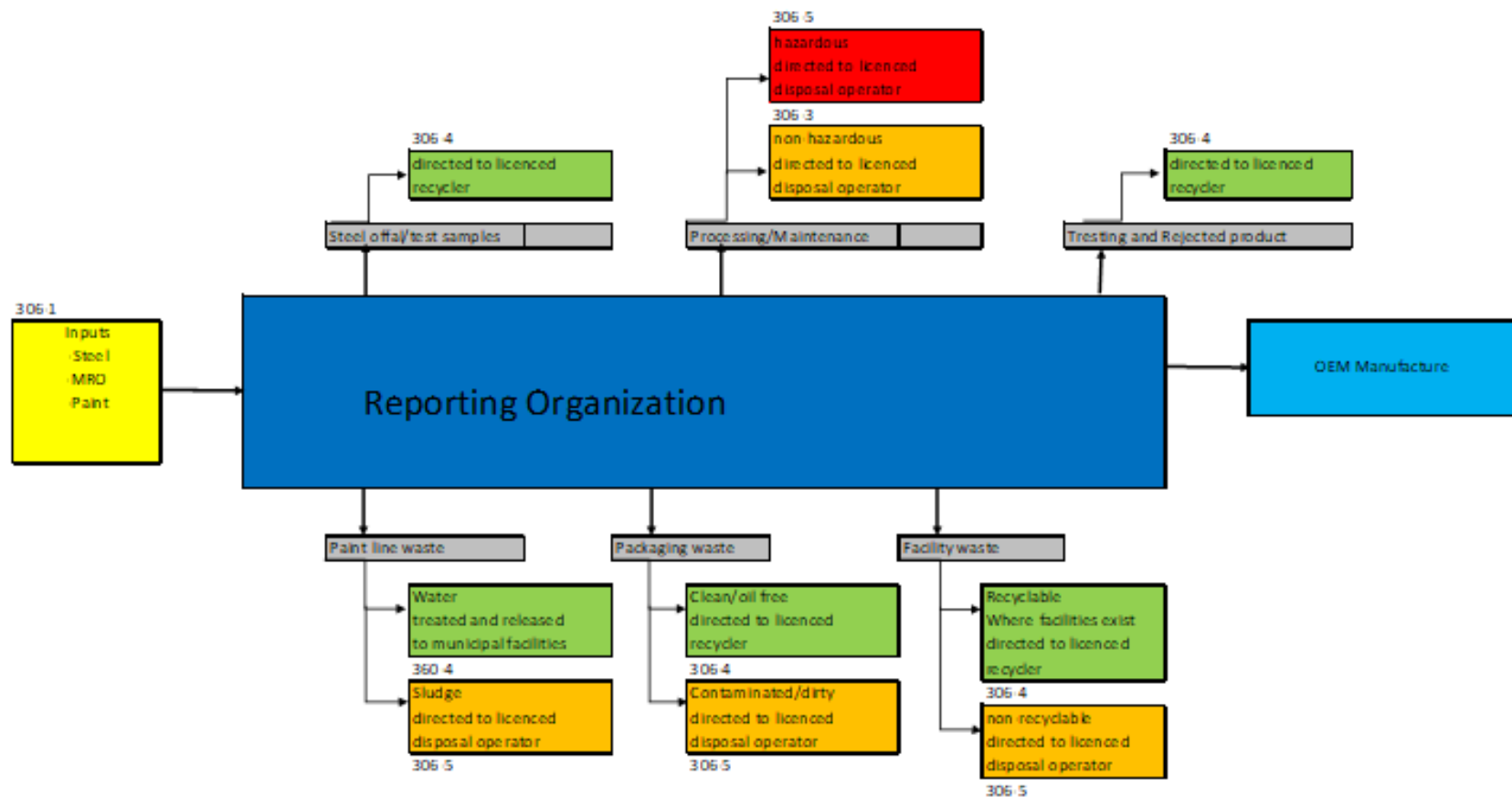
Testing and Rejected Product
Metal stamping or assemblies that have been removed from the normal process for testing or product that was deemed as not meeting the requirements of the part.

Facilities waste
Mostly food and food containers the bulk of which is not currently recycles with the exception of plastic bottles and aluminum drink containers.

Processing and maintenance
Drawing compound and Die Lubricant from the stamping process combine with oils from equipment maintenance are collected and hauled off site by approved waste handlers. Volumes are tracked inside the Environmental Management system.

306-5
hazardous
directed to licenced
disposal operator

306-3
non-hazardous
directed to licenced
disposal operator

306-4
directed to licenced
recycler

306-4
directed to licenced
recycler

Steel offal/test samples

Processing/Maintenance

Tresting and Rejected product

306-1
Inputs
- Steel
- MRO
- Paint

Reporting Organization

OEM Manufacture

Paint line waste

Packaging waste

Facility waste

Water
treated and released
to municipal facilities
360-4

Sludge
directed to licenced
disposal operator
306-5

Clean/oil free
directed to licenced
recycler
306-4

Contaminated/dirty
directed to licenced
disposal operator
306-5

Recyclable
Where facilities exist
directed to licenced
recycler
306-4

non-recyclable
directed to licenced
disposal operator
306-5

GRI 306: Waste

Solid Waste	Total	Recycled
CEL	163.0	121.1
Central	35.0	62.1
NMP	13.7	4.3
NP2	35.2	6.6
PMP	42.8	22.7
PMS1	105.9	0.0
PMS3	214.3	0.0
Narmx	18.5	0.0
Grand Total	628.3	216.8

Solid Waste
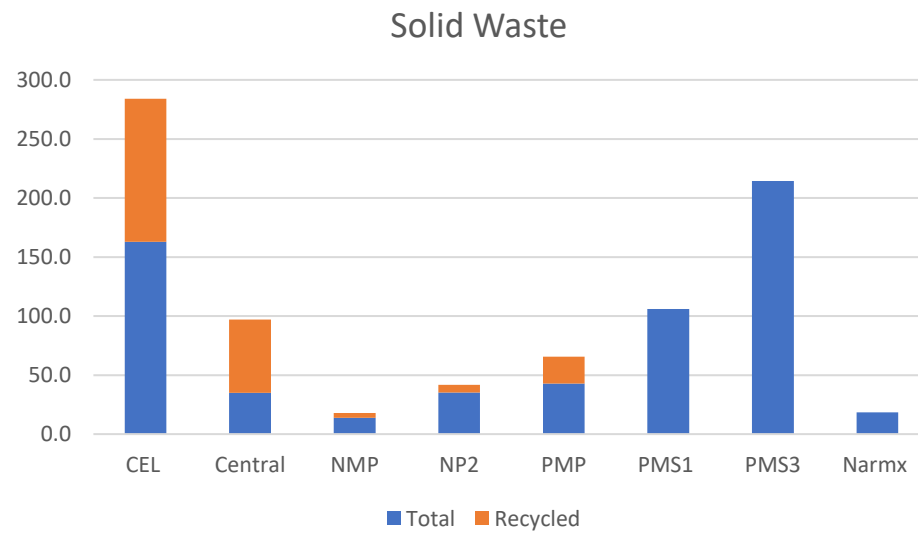
GRI 308: Supplier Environmental Assessment

Supplier Environmental and Social Responsibly expectation are detailed inside our Supplier Quality Manual and measured by our Supplier Self Assessment. Both documents are available on The NARMCO Group website (www.narmco.com).
As a commodity our products do not have/use products that pose significant environmental risk. We are aware that could change with any new product. To mediate that risk our Advanced Product Quality Planning (APQP) process evaluates new programs for product/process that are outside our core business and as such could present a risk not controlled by our current procedures.
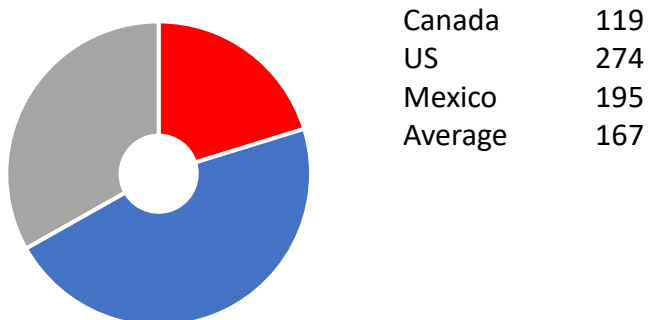
Commitment to environmental polices and procedures. The supplier rating system does not discriminate the data sufficiently. Environmental commitments are rolled into an overall Social Responsibility rating. Two of the fifteen questions relate directly to having an Environmental Policy.

We track ratings for 201 suppliers (151 component suppliers, 50 service providers). None of which are considered as having a significant actual or potential negative environmental impact. Of the component suppliers 47 and material (steel/aluminum) 88 component suppliers (weld on nuts and studs), 13 are Tier II suppliers (smaller stampings and bracketry along with adhesives and sealers) The latter being the most environmental sensitive. However; also coming from an end customer approved suppliers and having all the requirements of an automotive supplier in hand.
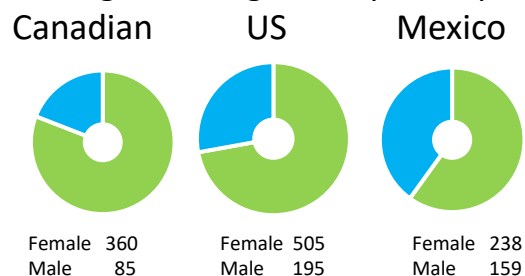
No suppliers have been terminated as a result of environmental issues either actual or potential.

Average Training Hours per Employee by Region

Canada	119
US	274
Mexico	195
Average	167

Employee training hours count is based on employment numbers on December 31, 2021. Data provided by each company is total into the three regions. Our practice is not to use non-guaranteed employees as such that category is absent from the report.

By region our Canadian operation have been in operation significantly longer with the original company dating back to 1945. Until recently heavy manufacturing had been predominantly male dominated. Those long term employees skew the ratio of male to female. US and Mexico being newer operation the regional charts start to show progress towards a more equitable balance.

By providing all employees with a safe work environment that encourages full use of their abilities and ownership and growth . During the reporting period 190 team members received career advancement (12 female and 178 male). Strength and resilience is build form within our practice is first to promote internally where people have raised their hand.

Average Training Hours per Employee by Location

Canadian	US	Mexico

| Female | 360 | Female | 505 | Female | 238 |
| Male | 85 | Male | 195 | Male | 159 |

Number of hours invested in Training

	Internal Training				External Training				Transitional Training			
	female	male	other	undisclosed	female	male	other	undisclosed	female	male	other	undisclosed
Hourly and Skilled Trades	24131	9463	0	0	24131	9463	0	0	24131	9463	59	0
salary	683	3591	0	0	683	3591	0	0	683	3591	52	0
Total	24814	13054	0	0	24814	13054	0	0	24814	13054	111	0

Examples

IATF/EMS
Safety

Skill up grade
New Technology

Internal promotions
Lateral position moves
Financial planing

Cyber security

With the support and encouragement of our major customer the Prince Metal Stamping locations applied for and archived second party certification to ``Trusted Information Security Assessment Exchange`` (TISAX) During the last quarter of 2021.

TISAX®

**TRUSTED INFORMATION SECURITY ASSESSMENT EXCHANGE**

TISAX is a VDA based approach that provides a standard in security assessment used by European automotive companies. Although it follows the main principles of ISO 27001 in the ISO standards definition of secure is more open to interpretation. TISAX locks if down to the automotive industry

Over an eight month period with the support of the Internal Auditing team our IT department lead the successful implementation of TISAX-TUV standard. With a final Maturity Level score of 2.9 our Certification is valid for three years.

Area of opportunities highlighted as
• Compliance
• Human Resources
Are being addresses through monthly training and awareness publications
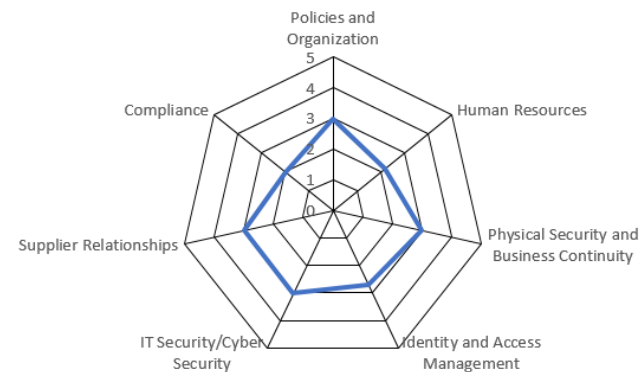
Covid19 Pandemic

The Covid-19 pandemic has challenged us to ensure all employees were able to return to a safe working conditions. We were able to provide face masks and hand sanitizer. Protocols were established that included temperature checks and questionnaires/forms to identify potential contact cases.
In line with all local regulations; social distancing barriers were put in place along with max numbers established for meeting rooms.
Travel was limited only to essential personal with video conferencing protocol put in place. During the reporting period 68,534 manhours were lost.

2.5 External Assurance

No second party has verified the data.

Accounting was responsible to track

Power usage

Water usage

Oli/lube purchased

Data was sampled by our Internal Quality/Environmental Department to confirm in integrity of the system

Anacronyms

SRC - Social Responsibility Committee
GHG - Greenhouse Gas
APQP - Advanced Product Quality Planning
IT - Information Technology
AAMA - Alabama Auto Manufacturing Association
AIAG - Automotive Industry Action Group.
APMA - Automotive Parts Manufacturing Association
OESA - Original Equipment Suppliers Association
PMA - Precision Manufacture Association
EMS - Environmental Management System
COPQ - Cost of Poor Quality
NPRI - National Pollution Release Inventory
CDP - Carbon Disclosure Project
UNEP - United Nations Environmental Programme