



Technologies Limited



Sustainability Report 2022



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“Social responsibility is a core value at Exco, and sustainability is a key priority that is embedded in our capital allocation choices and strategic decisions. We believe that being a responsible company is critical to achieving our vision — to be the benchmark for innovation, efficiency and quality in the industries we serve.”

Darren Kirk, CEO

Exco Technologies Limited is a global supplier of innovative technologies servicing the die-cast, extrusion and automotive industries. Through our 20 strategic locations in 9 countries, we employ approximately 5,000 people and service a diverse and broad customer base.

Exco was founded on a commitment to excellence, a culture of entrepreneurship, and a dedication to ethical business practices. Environmental, Social and Governance (ESG) factors are an integral part of our strategic decision making and capital allocation decisions. Our growth profile is strong, driven by the increasing adoption of electric vehicles and broader environmental sustainability trends, coupled with Exco’s leadership in innovation in vehicle lightweighting and sustainable production processes.

We recognize that our people are the most critical resource for our success. This view drives our commitment to upholding workers’ rights, maintaining superior health and safety performance, and supporting diversity.

Looking at our business strategies through the ESG lens is critical to our success in the world where investors, consumers and regulators are increasingly concerned with issues of environmental and social sustainability. We also understand that as a business we are poised to achieve greater success in an economy that is sustainable and prosperous. As such, it is essential to us that we are doing our part in building a global society where human rights are respected, the environment is preserved for future generations, and institutions are healthy and strong.

OUR CORE VALUES

Exco was founded on a commitment to excellence and a culture of entrepreneurship. We encourage continuance of these traits by providing incentives for our managers to grow their business and giving our employees the latitude to push the envelope on innovation. We are also mindful that sustainable operations require the benefits of diversity at all levels of our organization, a focus on all of our stakeholders, and above all, a safe and healthy work environment. Of course, we fully commit to conducting our business in an ethical, transparent and responsible way and we expect the same from our business partners. We summarize these characteristics with our published values:



Safety: We strive for all our employees to go home unharmed.



Entrepreneurial spirit: Our culture fosters idea generation and risk taking.



Excellence: We set the standard for high quality craftsmanship.



Integrity: We expect honesty and transparency in all our dealings.



Accountability: We empower our people to make decisions and reward them accordingly.



Inclusion: We believe that a diverse workforce delivers the best results.



Social responsibility: We are focused on a sustainable future through implementation of our ESG strategic priorities.

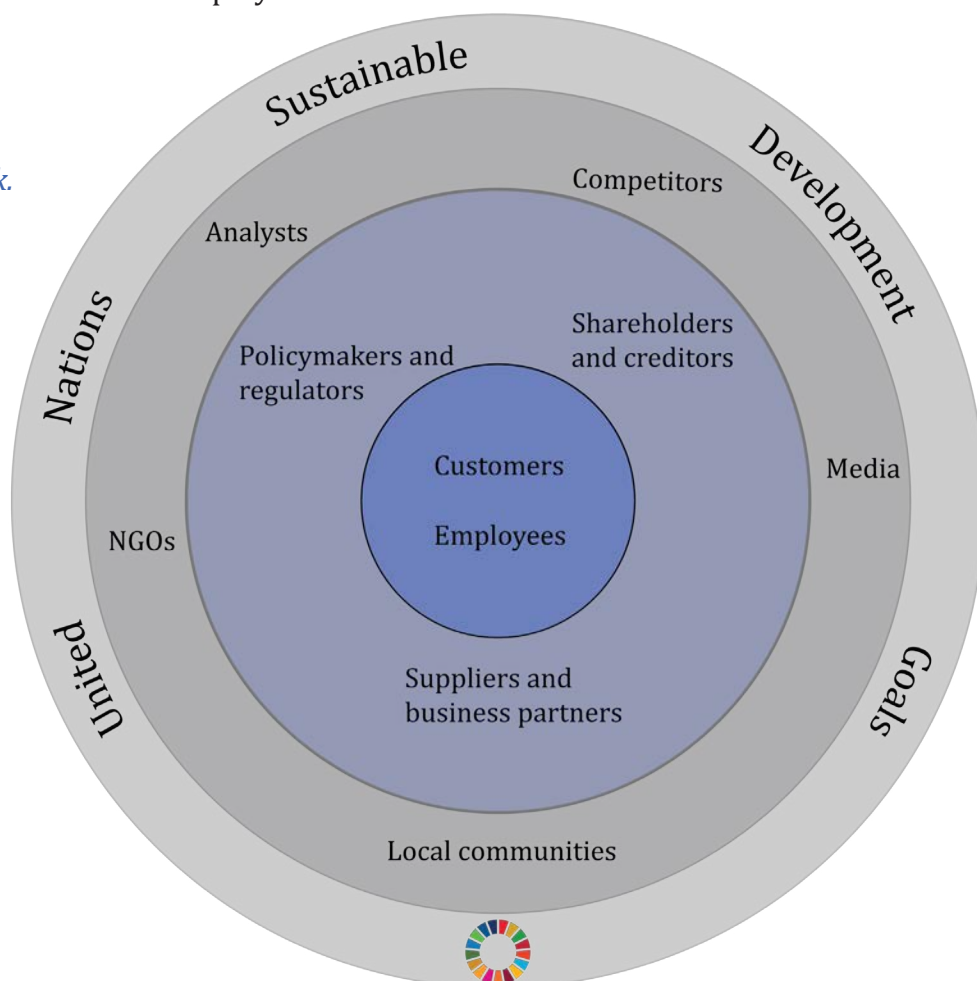
STAKEHOLDER AND MATERIALITY ASSESSMENT

Stakeholders network

Our stakeholders consist of numerous organizations and individuals across our value chain who impact us or are impacted by the way we do business. This year we conducted a stakeholder assessment process to better understand the extent and nature of interdependencies between our business and these constituents. In determining our stakeholder assessment strategy, we prioritized stakeholder relationships based on (i) their potential influence on Exco, (ii) the extent of the impact that our business operations have on them, and (iii) the nature of the relationship, such as existence of legally binding contracts and/or potential for financial and reputational impact. As shown in Exhibit 1 below, our customers and our employees

are the stakeholders that are most fundamental to the operation of our business and to whom we have the most significant responsibilities. They are the “inner core” of our stakeholder network. Our “outer” stakeholder network includes other constituents who are further removed from our day-to-day operations, but are nevertheless strategically important. As further discussed below, the United Nations Sustainable Development Goals represent the overarching larger framework with which we seek alignment. That said, we ultimately aim for sustainable value creation for all of our stakeholders, which includes long-term profitability for the benefit for our shareholders.

*Exhibit 1:
Exco's stakeholders network.*



Materiality assessment

Last year we published our inaugural sustainability report, to facilitate a deeper dialogue with our key stakeholders. Our goal was — and continues to be — to understand their expectations and concerns, and ultimately to build strong, reciprocal relationships that are mutually beneficial and supportive. The stakeholder dialogue helps us ensure we are aligned with our core values, mission and vision, and also forms an integral part of our risk management process. We use the understanding we gain from this process to further refine our ESG strategy,

risk management and reporting. Specifically, our assessment of stakeholders' needs and concerns was reflected in collating the list of ESG topics relevant to our business, and to develop the matrix of relative materiality of different topics (see exhibits 2, below, and 3, next page). Identification of relevant ESG issues and their respective materiality is not a static process, and we will continue to revise and update this assessment as we collect feedback from our stakeholders.

Exhibit 2: List of significant ESG topics

Environmental

- Decarbonization of the sectors we serve and continued innovation
- Responsible use of resources -- waste management and recycling
- Responsible use of resources -- energy efficiency
- Climate risk management

Governance

- Ethics and anti-corruption
- Fair competition
- Cyber and information security
- Responsible sourcing
- Board diversity and effectiveness

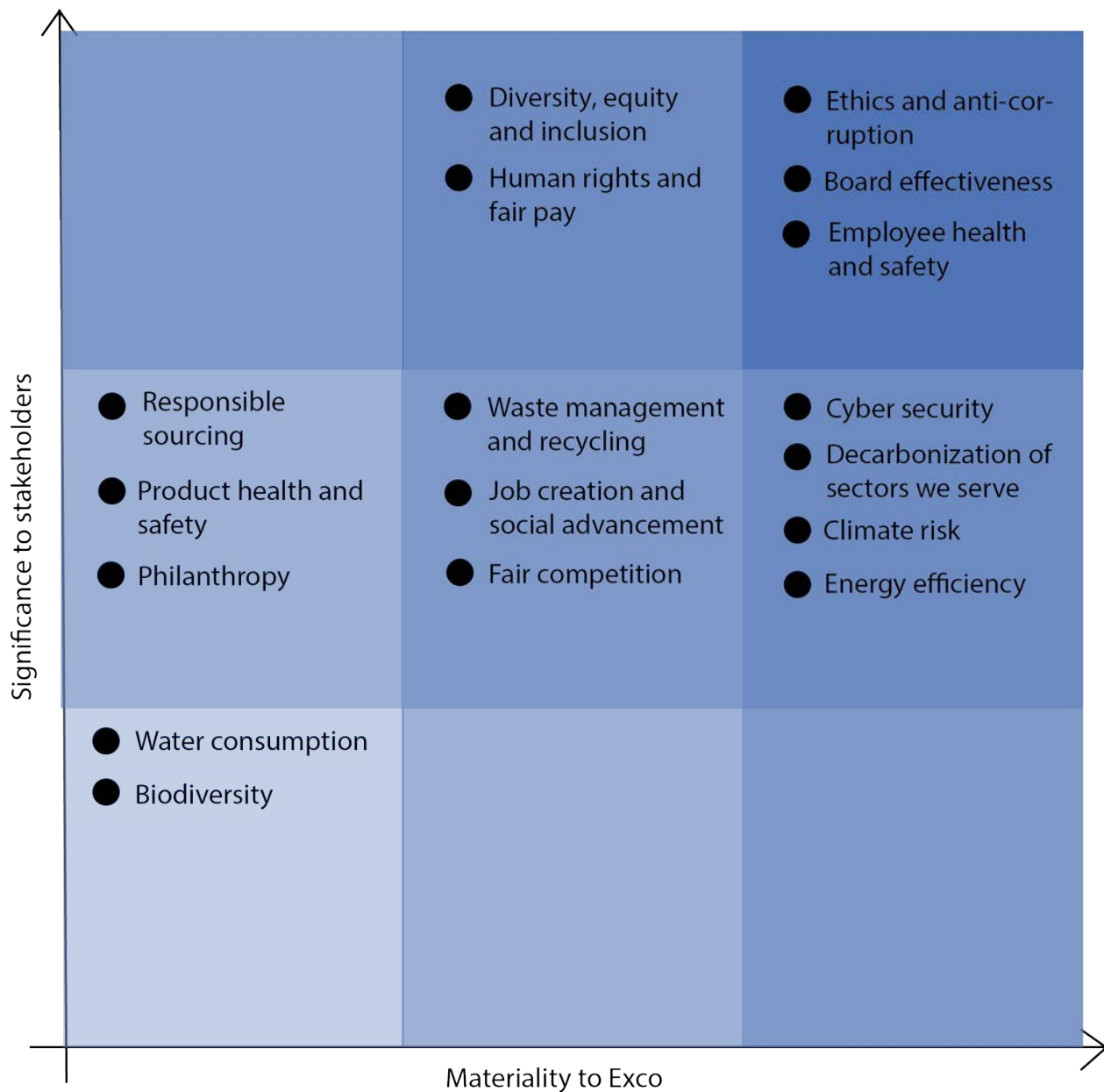
Social (People and Communities)

- Employee health and safety
- Job creation and social advancement
- Human rights, fair pay and workers' bargaining rights
- Diversity, equity and inclusion
- Product health and safety
- Philanthropy

The materiality map shown in Exhibit 3 drives the extent of information on each topic that we include in this report, as well as the type of metrics that we will use to measure and manage our future

sustainability performance. For example, while we qualitatively review all of the topics listed, we aim to collect and report quantitative data on issues of high significance to Exco and/or our stakeholders.

Exhibit 3: ESG Materiality Matrix.



Alignment with Sustainable Development Goals

In thinking of our business model alignment with broader social and environmental objectives, we also look to the United Nations Sustainable Development Goals (SDGs), as we also did in prior years (see exhibit 4). The United Nations General Assembly established the SDGs in 2015 as part of a sustainable development agenda to be achieved by 2030. They identify 17 most pressing social and environmental issues, which have been endorsed by all 193 United Nations Member States in 2015. We continue to look to SDGs and their related targets to help us further refine and organize our own

sustainability agenda, set our goals and objectives, and determine appropriate metrics to measure our progress. Although we do not prioritize projects that would exist solely to advance the UN’s 2030 Agenda, we seek to create a symbiotic, positive and harmonious relationship between our own goals and the sustainable future. We believe that such alignment is ultimately good for our business and for our growth, as it helps us manage our costs and maximize our business opportunities in a sustainability-oriented marketplace.

Exhibit 4: United Nations Sustainable Development Goals



















Key Performance Indicators







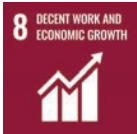





In choosing our Key Performance Indicators shown in Exhibit 5 (next page), we prioritized the topics that are most important to our stakeholders and/or that carry the most potential impact on our business, while also referring to the SDG Compass business indicator database to align our Key Performance Indicators with the SDGs. We have launched a process to establish the internal reporting infra-

structure to enable us to report on quantitative KPIs shown in Exhibit 5 in our 2023 Sustainability Report.

This process is iterative, and we will continue to use it to publish information on our sustainability performance, collect feedback, update our priorities, and revise our strategy.

Exhibit 5: Key Performance Indicators and alignment with SDGs.

ESG Issue	Alignment with SDGs	Performance measures
Ethics and anti-corruption		Total percentage of employees made aware of organization's ethics and anti-corruption policies and procedures.
Board effectiveness	  	Composition of the Board and its committees by executive or non-executive; independence; tenure; expertise; gender and membership of under-represented social groups.
Employee health and safety		Rates of lost time incidents, lost day incidents and injuries per number of hours worked.
Diversity and inclusion	 	Workforce breakdown by gender in total and in management positions.
Human rights and fair pay	  	Ratio of median pay to local minimum wage in key regions. Percentage of employees provided health insurance coverage. Percentage of workforce under minimum age admissible to work.
Cyber security		Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.
Decarbonization of sectors we serve	 	Approximate percentage of revenue attributable to electric vehicles and other low-carbon products and services.
Energy efficiency	  	Total energy consumption per dollar of revenue.

ESG Issue	Alignment with SDGs	Performance measures
Climate risk management	 	<p>Metric tons of carbon dioxide equivalent (tCO₂e) GHG Protocol Scope 1 and Scope 2 emissions.</p> <p>Identification of company's climate change risks with potential to generate a substantive change in business operations, revenue or expenditure.</p>
Waste management and recycling	  	<p>Qualitative review targeting continuous improvement.</p>
Job creation and social advancement	  	<p>Qualitative review targeting continuous improvement.</p>
Fair competition		<p>Qualitative review targeting no anti-competitive practices.</p>
Responsible sourcing		<p>Qualitative review targeting continuous improvement.</p>
Product health and safety		<p>Qualitative review targeting continuous improvement.</p>
Philanthropy		<p>Qualitative review.</p>

DECARBONIZATION OF THE SECTORS WE SERVE

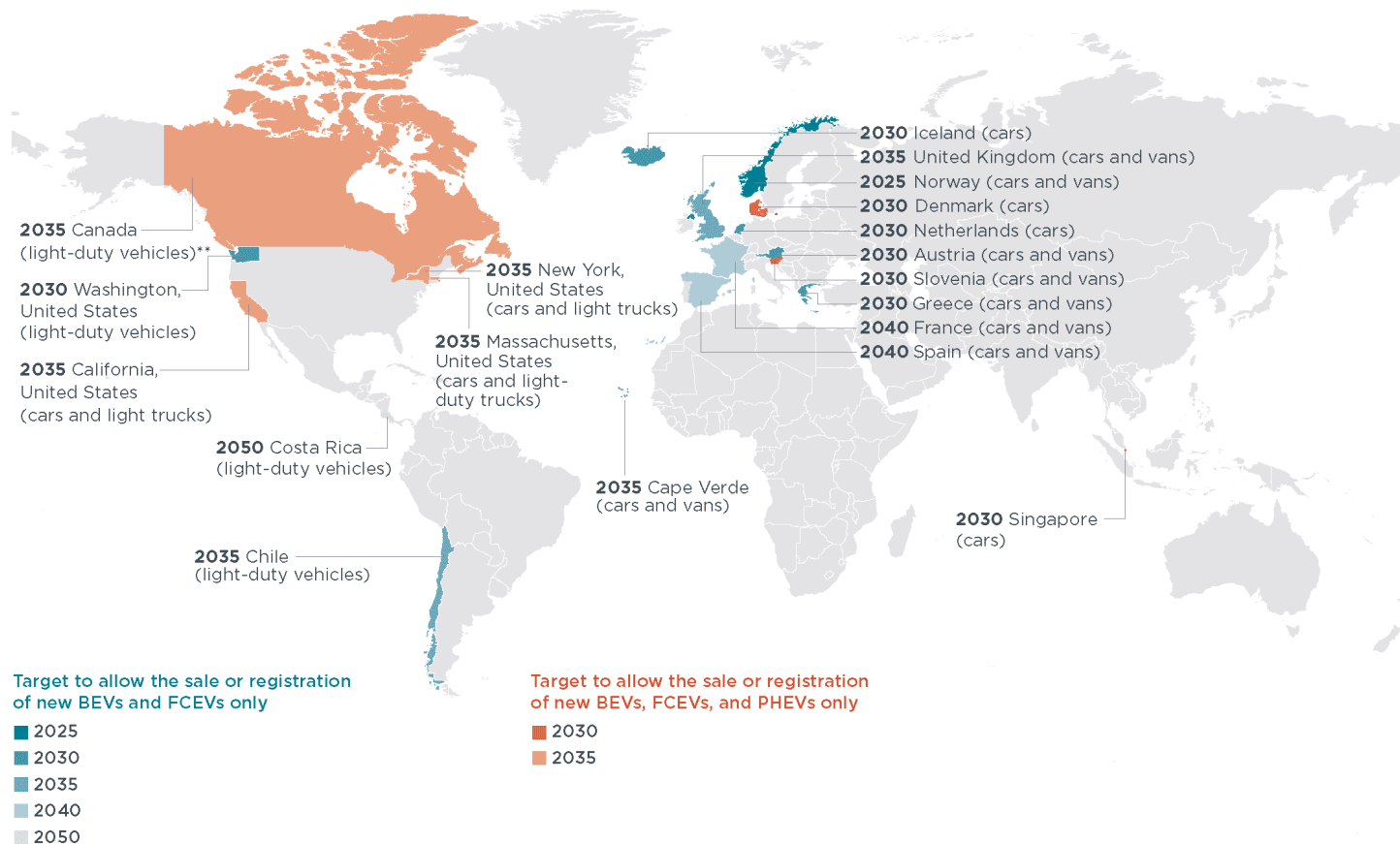
As a global provider of innovative components and solutions to the industrial and automotive markets, Exco has an important role to play in the decarbonization of the global economy and in accelerating collective action on climate change mitigation. In particular, in the automotive sector, Original Equipment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

form an integral part of this industry transformation, as over 70% of the ultimate customers we serve are automotive OEMs.



Exhibit 6: Emission requirements continue to tighten around the world.

Governments with official targets to 100% phase out sales or registrations of new internal combustion engine light-duty vehicles (passenger cars and vans/light trucks) by a certain date* (Status: Through September 2022)



* Includes countries, states, and provinces that have set targets to only allow the sale or registration of new battery electric vehicles (BEVs), fuel cell electric vehicles (FCEVs), and plug-in hybrid electric vehicles (PHEVs). Countries such as Japan with pledges that include hybrid electric vehicles (HEVs) and mild hybrid electric vehicles (MHEVs) are excluded as these vehicles are non plug-in hybrids.
 ** The Canadian province of British Columbia has set its 2040 target into binding regulation; the Canadian province of Québec has also set a target for 2035.

Source: The International Council on Clean Transportation, retrieved at <https://theicct.org/ice-phase-outs/>

Powering the electric vehicle revolution

The decarbonization of the transportation sector is critical to the achievement of the Paris Agreement, which has an objective of “holding the increase in the global average temperature to well below 2 °C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5 °C above pre-industrial levels”. According to the International Energy Agency (World Energy Outlook, 2021), transport relies on fossil fuels more than any other sector, accounting for 37% of direct CO₂ emissions from all electric power end-use sectors (i.e., industry, buildings, transport and commercial). Meanwhile, the next several decades will see significant growth in global transport demand due to population growth and rising standards of living, particularly in the emerging markets.

Despite the projected growth in demand for transport, the IEA’s Net Zero Emissions by 2050 Scenario (a roadmap to 1.5 °C temperature rise limit) calls

for continued decline in transport-related carbon emissions. In order to align with this pathway, road transport must cut its emissions by a quarter by 2030, and become nearly emissions-free by mid-century.

In an effort to achieve these ambitious emission targets, governments around the world continue to tighten emission requirements, offer incentives to improve fuel efficiency, and encourage adoption of EVs (see exhibit last page). As electric vehicles continue to capture growing market share and conventional internal combustion engine vehicles face increasingly demanding fuel efficiency targets, the industry transformation will play to Exco’s strengths and offer opportunities for growth. Technological advancements will continue to define the industry landscape, and Exco’s products are a key part of this process.

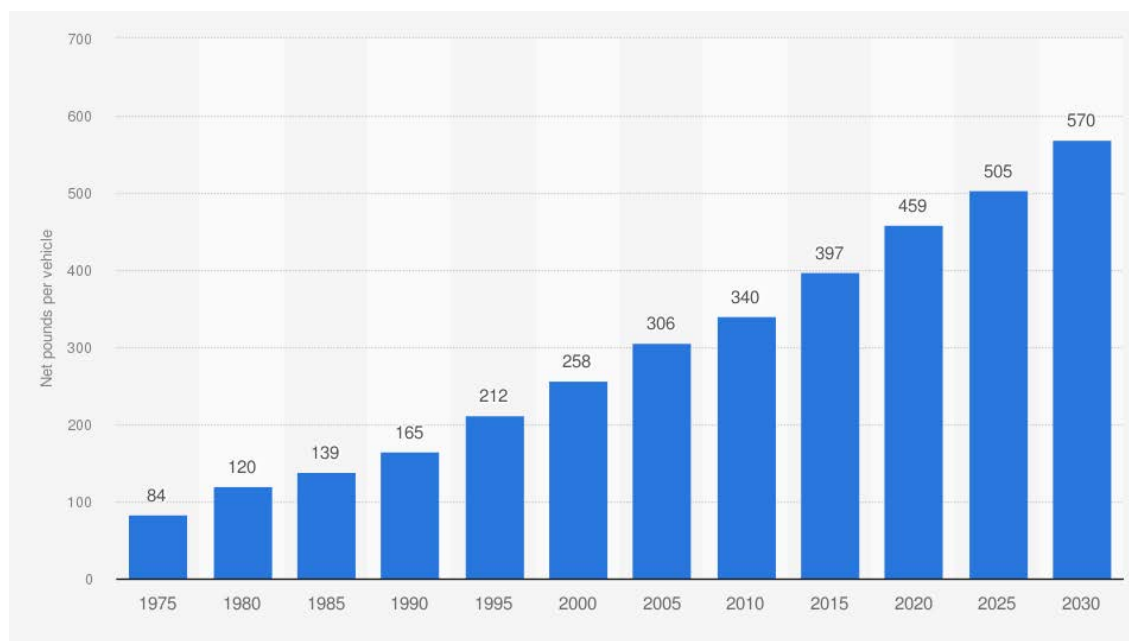


Vehicle lightweighting technology leadership

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

Historically, some of the main applications of die castings in the automotive industry have been for powertrain components including transmission housings and engine blocks. Most of the innovation needed to achieve em

*Exhibit 7:
Aluminum consumption in light vehicles in North America from 1975 to 2030 (in net pounds per vehicle).*



SDGs must come from improvements to these components. The move from 4, 5 and 6 speed automatic transmissions to 8, 9 and 10 speed automatic transmissions, in redesigned form, will continue to dominate the North American powertrain landscape well into and beyond 2025. Four and three-cylinder engines will also increase in dominance over larger engine blocks (such as V6 and V8). Exco plays an important role in this process in several ways:

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

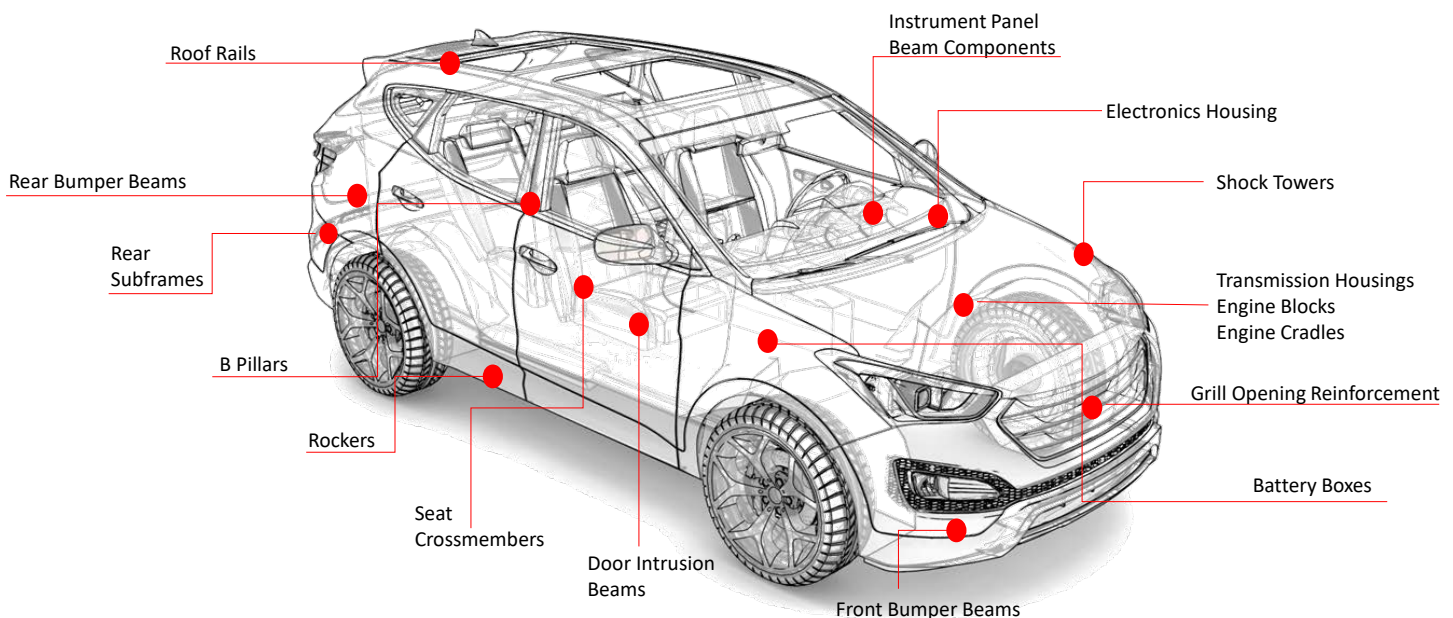
OEMs are complementing powertrain improvements with other lightweighting initiatives in order to achieve their emission reduction goals. Most significantly, various steel components in the structure of the vehicle are being replaced with extruded and die-cast light-weight metals such as aluminum and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

More recently, die-cast aluminum components have been increasing significantly in both size and complexity. OEMs are increasingly using die casting machines that are much larger than those used previously. This enables them to cast entire subframes of the vehicle rather than assembling numerous stamped metal components, creating significant manufacturing efficiency gains. The tooling required to facilitate this process is also much larger and more complex, limiting the number of players able to compete effectively. We expect more and more OEMs will ultimately follow with using these

larger die-cast machines, and we are making significant additional investments in our people, equipment and processes to remain a leading supplier in this market.

Our Automotive Solutions group, which manufactures products for the interior passenger compartments and cargo hold areas of vehicles, is also a contributor to vehicle lightweighting trends. Exco's Automotive Solutions segment typically makes products that are lighter in weight than competing products. For example, Neocon offers lightweight material options that are an ideal fit for vehicles regardless of powertrain, be it ICE, hybrid or electric. By incorporating a foaming additive during the extrusion process and creating air voids in the base layer, Neocon created a thermoplastic rubber (TPR) product that is 45% lighter than a traditional thermoplastic elastomer (TPE) injection molded alternative. In addition, Polydesign has been incorporating lighter weight plastic injection molded substrates into their assemblies on recent EV platforms. These newer materials, which combine polypropylene powder with natural fibers, reduce weight of the manufactured parts by almost three times.

Exhibit 8: Both Internal Combustion Engine and Electric Vehicles are using an increasing number of extruded and die-cast aluminum components to reduce weight.



Continued innovation

As sustainability trends continue to shape the evolution of the sector, Exco is committed to ongoing innovation to develop new and better products that support the low carbon economy. We continue to develop new technology in line with most recent sustainability trends, recognizing that harnessing the power of science is critical to global progress towards Sustainable Development Goals and is essential to our continued growth.

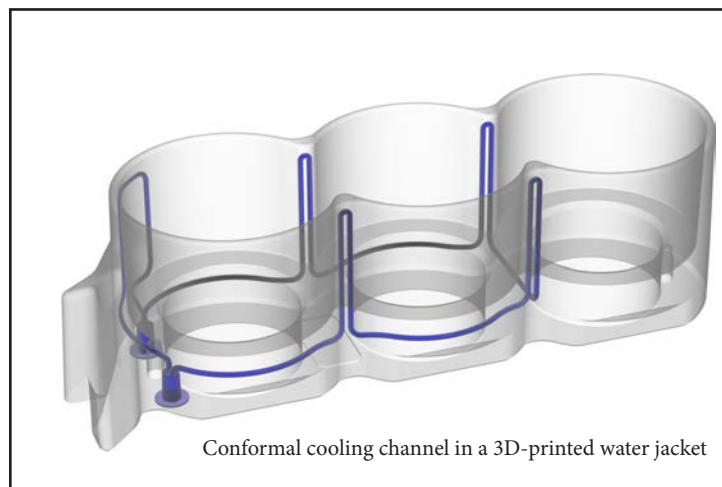
Exco has a long history as a leader in innovation. We have skilled and passionate engineering teams. Our culture fosters idea generation and risk taking, with entrepreneurship and excellence forming part of our core values. One clear example of this is demonstrated with our progress in additive

manufacturing. We are now regularly designing and incorporating 3D printed components into our moulds which greatly enhances the overall quality and performance of the die-cast process. The use of additive manufacturing in this regard is still quite nascent but growing strongly. And we have a clear lead evidenced by our receipt of the 2019 Automotive News prestigious PACE award, which honors selected automotive suppliers for groundbreaking technology. Components produced using additive technology greatly reduce the carbon footprint over traditional subtractive metalworks, as steel transportation weight is reduced, while scrap and waste are dramatically reduced in the manufacturing process.



“Innovation is a fundamental part of Exco’s DNA. It is embedded in our culture and is part of everything we do.”

Darren Kirk, CEO



Conformal cooling channel in a 3D-printed water jacket



RESPONSIBLE USE OF RESOURCES

Exco is committed to running its facilities as efficiently as possible, delivering the same innovative, high quality products to our customers with less energy, fewer materials and lower waste. In addition, the OEMs we serve face increasing pressure from governments, investors and consumers to demonstrate responsible production processes, including in their supply chains. With businesses being the largest consumers of natural resources, responsible production processes form a critical part of Sustainable Development Goals, including SDG 12. Our customers rely on us to meet their technological and environmental requirements, and we are focused on ensuring that our operations are well positioned in this sustainability-oriented marketplace.

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

ISO 14001 CERTIFIED:



Polytech

Neocon

Polydesign



To the right: Castool's heat treatment facility in Newmarket began production in the Spring of 2022. In addition to reducing shipping conflicts with third party suppliers, ensuring faster customer delivery and increasing quality control, this energy efficient equipment reduces our carbon dioxide footprint.

Recycling and waste management

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

- Neocon produces thermoplastic rubber (TPR-NT) products with 15-20% post-consumer material in the base layer which would have otherwise been destined for a waste stream.
- Neocon is in the final stages of testing a climate positive bio-based thermoplastic, that reduces CO2 impact on the environment (see exhibit below).
- Neocon utilizes recycled PET in its molded carpet products, diverting an equivalent of over 8,500,000 plastic bottles from landfills annually.
- Neocon instituted a new process for directing materials into proper recycling channels, bringing its waste down below 2%.
- Castool uses only biodegradable lubricants and repurposes old extrusion press containers into extrusion die rings.
- Where feasible and customer approved, Polydesign is utilizing recycled resins, and replacing plastic substrates with recycled compressed board and other sustainable materials.
- Polydesign recycles 36% of its scrap, eliminating 270 tons of waste out of landfills each year.
- Our Polytech molding department reuses up to 10% of plastic material, keeping 70,000 pounds of resin out of landfills each year.
- AFX, a supplier of interior trim components, recycles 85% of leather scrap and 100% of wooden pallets and cardboard waste.
- We recycle cutting fluids across our membership plants.
- We recycle 100% of our machining chips.
- We utilize a bore welding technique to repair shot sleeves rather than building new ones.
- All of our insert steel is sourced from the recycling of scrap steel.

Exhibit 9: Neocon is in the final stages of testing a climate positive bio-based thermoplastic.

This new sustainable bio-based material is derived from advanced waste conversion. Switzerland-based sustainability consulting firm Quantis conducted a “Cradle-to-Gate” Life Cycle Impact Assessment to determine a CO2 reduction environmental benefit of this revolutionary thermoplastic, concluding that for every 1 kg created, almost 12 kg of CO2 equivalent are prevented from polluting the environment over a 20-year period.



Energy efficiency and carbon footprint management

Energy conservation remains a critical objective at Exco to reduce input costs and lower our carbon footprint. For example, from 2009 to 2022 Neocon alone has reduced its electrical usage (KWhr/Part Produced) by almost 62% (10.72 kWh to 4.12 kWh).

Our approach serves to improve our sustainability credentials and is also meant to hedge against the escalating cost of carbon taxes in Canada and other jurisdictions.

Below are a few examples of the way we achieve these goals:

- Installation of 1.24 MW solar generation plant at our Polydesign facilities, which will provide 73% of Polydesign's energy needs in sunny hours and 34% overall, and since its inception

in FY2022 avoided the release of roughly 232 tons of CO₂ (averaging 70 tons per month; see image on page 21).

- Software to manage energy consumption towards off-peak hours.
- LED energy efficient lighting in our manufacturing facilities.
- Air compressor systems leak detection protocols, including use of ultrasonic leak tests, and variable speed drive air compressor technology.
- Variable speed drives for ventilation fans and exhaust fans, which ensures more efficient energy usage for air circulation.
- Machine and compressor auto-shutoff timers.
- Heavy investment in new energy-efficient machinery, including heat treatment equipment (see image on page 17).
- Operational improvements resulting in the reduction of rework and scrap.

Enabling efficiencies in the industries we serve

Aside from managing our own environmental footprint, we also promote a higher energy and material efficiency in the value chain of production, while the same service is being delivered to the end-consumer.

For example, our Castool division designs, manufactures and sells consumable tooling components and related capital equipment for light metal die cast machines and extrusion presses globally. Castool has evolved their systems to provide less expensive, longer lasting, more energy efficient and safer products. The group focuses on making components and accessories that will increase the customers' tooling life while ensuring less scrap and energy consumption.

In addition, as circular economies become the new gold standard, Neocon has implemented an end-of-

life recycle program with certain OEM customers that allows products to be recaptured, thereby reintroducing the original raw material back into the supply stream.

Below: End-of-life collection box for Neocon's cargo protection trays.



CLIMATE RISK MANAGEMENT

The Task Force on Climate-related Financial Disclosures (TCFD) has developed a set of voluntary recommendations for climate-related financial disclosures, enabling organizations to communicate with their stakeholders about climate-related risks and opportunities affecting their business, and their related strategic and risk management processes. Exco is committed to effective management of climate-related risks and opportunities and to doing our part in ensuring market transparency and stability envisaged by TCFD.

ESG factors and associated risks fall under the purview of our Governance committee. The chair of our Governance committee regularly seeks to address these concerns through discussions throughout the year and such process is integral to the compilation of this report. The Chief Executive Officer is responsible for assessing climate and ESG risks, which is fulfilled through regular dialogue with our various business unit leaders.

While focusing on aligning our business with a sustainable future, we cannot lose sight of physical risks to our operations should the world fail to limit the increase in the global average temperature to below 2°C above pre-industrial levels. Our 20 manufacturing facilities collectively occupy approximately 1,286,000 square feet around the world (see exhibit next page). We purchase the majority of our steel from international suppliers in Canada, US, Germany and China, while our customers span the Americas, the Far East and Europe.

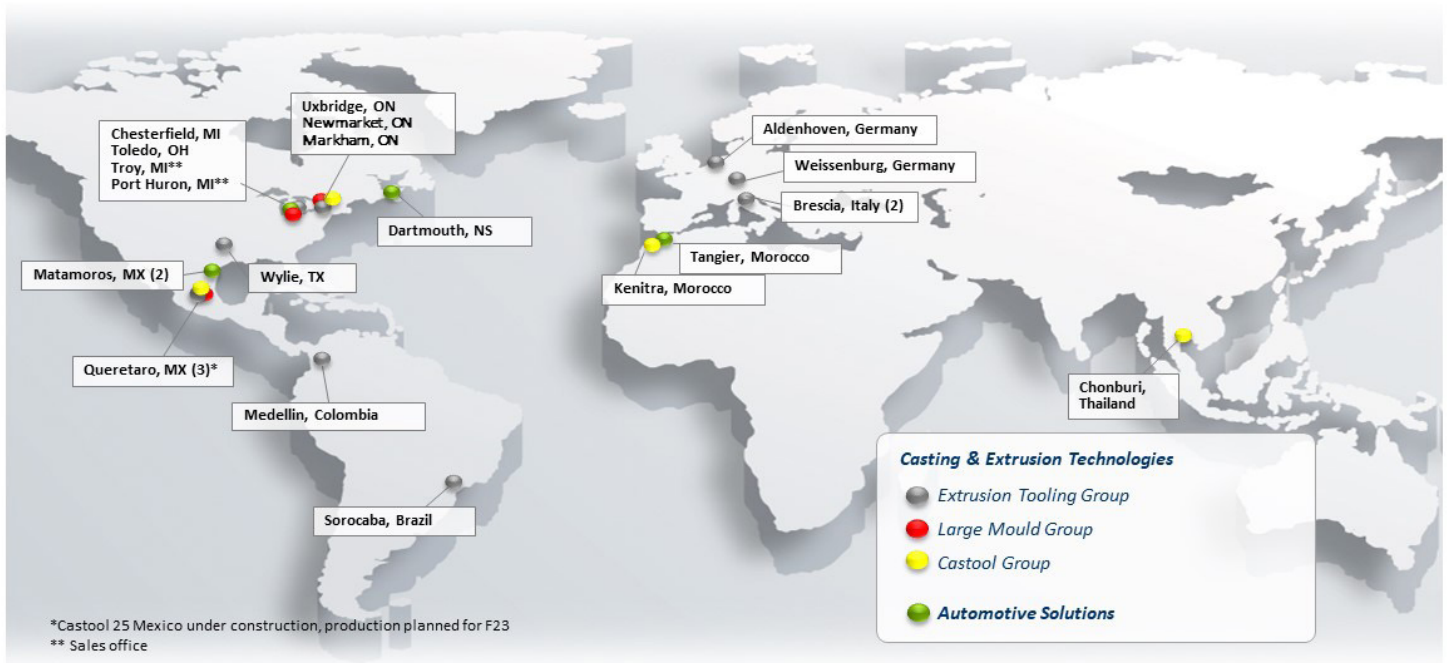
We believe that our multi-plant footprint, in proximity to our markets, contributes to a more resilient supply chain. That said, some of the regions in which we operate face serious climate-related risks, including sea level rise and coastal flooding, more frequent and more intense weather events, extreme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

In addition, to respond to threats posed by climate change, various jurisdictions are considering and/ or implementing carbon-reduction targets and other mechanisms to encourage lower carbon emissions, including carbon taxes and carbon pricing. Future climate policies are uncertain, and may require us to incur significant costs or implement operational changes in response. We continue to monitor this space to ensure our continued readiness for changes ahead.

As discussed earlier, we continue to work to reduce our energy consumption and GHG emissions, and during 2023 we will establish reporting on our Scope 1 and Scope 2 GHG emissions to track and report on our continued improvement in this area over time.



Exhibit 10: Our production facilities span the globe.



Below: Installation of 1.24 MW solar generation plant at our Polydesign facilities made it the first company in Tangier Free Zone to implement green energy solutions. As part of our effort to further deployment of renewable energies, Polydesign participated in several conferences in Morocco, in which we shared our experience and encouraged others to follow our example.



PEOPLE AND COMMUNITIES

Exco employs roughly 5,000 people in nine countries. People are at the core of our success and at the heart of our values and business strategy. We understand that the way we run our business fundamentally affects our people and the communities in which they live. Businesses with a global footprint, such as ours, have an important role to play in the achievement of Sustainable Development Goals, including SDG 1, 3, 4, 5, 8, and 10. We are committed to doing our part in making decent work opportunities available, and promoting human rights, social justice and economic advancement in communities where we do business.



Employee health and safety

Exco is committed to stringent health and safety standards, which is one of the company's core values. We want to maintain a healthy and safe work environment for all our employees, and we conduct business in a manner which takes every reasonable precaution to minimize the risk of work-related injuries, illnesses, exposure to infectious diseases and accidents. We have a long established process to track critical health and safety metrics at our facilities (including measures of frequency, severity of business impact and medical attention required). At least quarterly, management and the Board review a detailed report of performance trends and discuss any remediation and improvement measures. Exco remains committed to the improvement of its various health and safety statistics over time.

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

- Take all reasonable measures to ensure workplace safety.
- Prioritize, encourage and reward a safety-first mindset.
- Promptly rectify any unsafe conditions or behavior.
- Implement, communicate and enforce effective

workplace practices and procedures.

- Provide comprehensive training in safety awareness, policies and procedures.
- Ensure that health and safety is not compromised for any reason.
- Aim for continuous improvement in safety performance.

Our Polydesign facilities, for example, have implemented several initiatives to take care of employees' health and wellness, extending above and beyond our standard health and safety protocols, such as:

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



Above: Polydesign team, safe at work.

Job creation and social advancement

Out of our roughly 5,000 employees, approximately 4,300 are hourly workers and 700 are management, design engineers, technicians and other salaried positions. With our workforce concentrated in low-cost jurisdictions, we recognize our responsibility to the communities in which we operate. Exco compensates employees fairly, provides significant safety training, and provides various opportunities to improve their skills and knowledge in order to raise their social and economic standing.

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

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

able language skills.

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

We invest considerable resources in continued training and development of our employees, sometimes even sharing costs for degrees. Our Polytech operation offers up to 40 scholarships per year to hourly employees. Many of our employees exemplify social advancement through hard work and perseverance, and we now have Department Heads that started in entry-level positions, such as sewing operators or quality control technicians.

We support our working parents and offer programs to enhance their families' quality of life. These include parental leave arrangements, and various initiatives for children. AFX offers scholarships for employees' children studying in middle school through university, while both Polydesign and AFX sponsor back to school programs where school supplies are provided.

To the right: Pat Ryan of Neocon supports local universities and STEM initiatives.



Diversity, equity and inclusion

We are mindful that sustainable operations require the benefits of diversity at all levels of our organization. Since Exco's formation in 1952 by the Robbins family, we have embraced diversity as part of our culture. Having a deep pool of diverse cultural talent has been key to Exco's ability to embrace global markets and expand its geographic footprint throughout Central and South America as well as North Africa and Asia.

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

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

- Provide diversity guidelines in our Employee Code of Conduct, making it clear that bias,

discrimination or harassment based on any trait that defines how we differ will not be tolerated.

- Promote diversity and inclusion within our teams.
- Seek, respect, value and leverage diversity of thought and ideas.
- Share in the responsibility for inclusiveness.
- Ensure that inclusiveness is visible in management decisions and behavior.
- Abide by the principle that all our relationships are based on mutual respect and growth.

Our Polydesign operations are showing leadership in this area in their local region. Women currently represent 43% of Polydesign's engineers and top management. Having participated in Morocco-4Diversity initiative by the International Finance Corporation (IFC) and the General Confederation of Moroccan Enterprises (CGEM), Polydesign is aiming to achieve gender parity in its engineering ranks by 2023.

"My adventure at Polydesign began 13 years ago when I joined the company as a net assembly operator. My colleagues often asked me for advice, and I've always felt happy to assist. In other words, I discovered my passion for personal development while helping my friends and this before attending my first coaching class. With support from my hierarchy and thanks to Polydesign's empowering culture, I signed up for personal development courses at the Moroccan-Canadian Academy for Training and Consulting, from which I will graduate in September and start sharing my passion for personal development and give back to my community. I encourage everyone to believe in themselves and strive for constant improvement. Everything is possible when you are consistent with your efforts and focused. My warmest thanks to Polydesign's management for making our company a place where dreams come to life,"

- Ghizlane Ouguahi, Polydesign team member



Human rights and fair pay

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

We respect our employees' rights to collective bargaining and freedom of expression and association. We employ roughly 1,800 people in Mexico and Brazil who are subject to collective bargaining agreements. We believe our relationship with these employees is supportive. In 2019, we experienced our first ever work stoppage at our Matamoros facilities, which resulted in a wage increase and a one-time bonus to active production employees. As one of the many maquiladoras in Matamoros that was subject to this labor disruption, Exco was one of the first employers to reach an agreement with our employees to mutual satisfaction.

"One of our fundamental principles is respect, which means all people are equal as human beings. Some may have higher ranking positions or a higher level of studies, but that does not make them better than others, only different. Through hard work and dedication, everyone can advance. Our company is made up of amazing individuals, each of whom is special in his/her own way and contributes to our culture and our success, working together, as one, diverse team."

-Julianne M. Furman,
General Manager, Polydesign



Product health and safety

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

Philanthropy

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

Grants and donations have included monetary and in-kind contributions, such as supply of Exco products or services free or at a reduced price. For example, a few of our divisions developed 3D printed medical face masks for the hospital systems, while our Polydesign facility runs an annual Ramadan Solidarity Fundraiser, which this year helped support 351 local families. We have also worked with the local forestry services to plant trees, and

supported K-12 schools in rural areas by donating food, supplies and equipment.

Charitable organizations that we proudly support include:

- Association Tanger Medina,
- Canadian National Autism Foundation,
- CGEM Tanger-Tétouan-Al Hoceima,
- Dartmouth Adult Services Clinic,
- Dalhousie University,
- Doctors Without Borders,
- Feed Nova Scotia,
- Habitat for Humanity,
- Lalla Salma Foundation for the Prevention and Treatment of Cancers,
- Southlake Hospital in Newmarket, and
- United Way of Southeast Michigan.

To mark the International Day for the Fight against Childhood Cancer, the House of Life of Tangier unveiled its children's area arranged by Polydesign for the benefit of child patients of the regional oncology center.

Entirely designed by Polydesign as a part of its ongoing partnership with the Lalla Salma Foundation for cancer prevention and treatment, those areas aim to offer an entertainment space for young patients and encourage them to continue their treatments.

Through this initiative, Polydesign reaffirmed its dedication to the wellbeing of cancer patients and its support in the fight against this disease.



GOVERNANCE

We believe that adopting and maintaining appropriate governance practices is fundamental to a well-run company, to the execution of our chosen strategies and our successful business and financial performance. Our reputation is built on 70 years of solid business growth, innovation, and a constant drive for conducting business with honesty, integrity and ethical behavior.

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

Ethics and anti-corruption

The Robbins family built Exco Technologies Limited with an unwavering commitment to ethical business practices. It is this foundation from which the company continues to grow and succeed as one of the most trusted names in its numerous automotive and industrial niche markets.

Integrity, honesty and transparency form part of our core values. These values ultimately underpin our Code of Conduct, which guides the decisions we make as a company. Compliance with the Code is a requirement of every Exco employee. All new employees are required to sign a Certificate of Acknowledgment, which states that the employee has read the Code and accepts the obligation to comply with it. Our employees are encouraged to raise any questions or concerns regarding the Code with local management team or Human Resources. In addition, through the Exco Alertline ([http:// exco.alertline.com](http://exco.alertline.com)) employees can anonymously raise any concerns related to accounting, internal controls or ethical issues.



 *Technologies Limited*



Tradition of Excellence

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

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

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



Board diversity and effectiveness

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

Exco views inclusion and diversity on its board of directors as leading to a better understanding of opportunities, issues, and risks, enabling stronger decision making and oversight. A diverse board demonstrates our commitment to diversity at all

levels within Exco. Diversity includes business experience, geography, age, gender, culture and ethnicity, visible minorities, indigenous peoples, persons with disabilities and sexual orientation. When the Board is looking to add additional members or replace existing members or appoint committee chairs, the Board's Governance and Nominating Committee reviews the number of diverse candidates, together with their skills, knowledge, experience and character, relative to other candidates, to ensure fair consideration. The Committee also reviews the number of women and other diverse candidates actually appointed to evaluate whether it is desirable to adopt additional diversity related requirements or policies.

Our Board members, as well as their roles and qualifications are listed in exhibits below:

Exhibit 10: Members of the Board and its committees.

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

1. Audit Committee.
 2. Human Resources and Compensation Committee.
 3. Governance & Nominating Committee.
- * Committee Chair.

Exhibit 11: Board members' qualifications and experience.

Rating Scale:	Edward H. Kernaghan	Darren M. Kirk	Robert B. Magee	Colleen M. McMorrow	Paul E. Riganelli	Brian A. Robbins
GOLD "G" - Worked directly or had individuals directly reporting to you in specific area. SILVER "S" - Have general experience in specific area BRONZE "B" - Limited Experience or expertise in specific area BLACK "BL" - No Experience or expertise in specific area.						
Experience leading or managing large, multinational, and complex organizations.	BL	G	G	S	G	G
Experience in leading major organizational change.	B	G	G	S	B	G
Senior leadership and/or managerial experience in the industrial sector.	BL	G	G	B	G	G
Board or management experience in talent management and executive compensation.	G	S	G	S	B	G
Experience in international businesses including cultural, regulatory, and business environments.	S	S	G	S	G	G
Wide-ranging financial skills, experience and knowledge in senior management, risk management and internal control.	S	G	G	G	S	G
Management or executive responsibility for creating value and/or business development.	G	G	G	S	S	G
Experience and insights with use of technology to support value creation.	S	S	G	S	S	G
High level experience in corporate governance gained as senior executive, board member of public companies, major accounting firm.	G	G	G	G	G	G
Board audit/risk management experience in financial accounting and reporting, corporate finance, internal financial controls or the provision of legal services to large business enterprises.	G	G	G	G	G	G
Experience in evaluating key business risks including legal and regulatory compliance and security risk management.	S	S	G	G	G	G
Understanding and experience of corporate, securities, regulatory regimes where the Company operates.	G	S	S	G	G	G
Demonstrated experience in the development of strategy.	S	G	G	S	B	G
An understanding of the importance of the role of capital allocation and risk in value creation.	G	G	G	S	S	G
Experience in the regulatory arena and government relations.	S	S	G	G	B	G
Understanding social media, public policy processes and the political process.	S	S	G	S	S	G
Experience leading or managing automotive component manufacturing enterprises.	BL	G	G	B	G	G

Mr. Kernaghan, Mr. Magee and Ms. McMorrow have been determined by our Board to be "independent directors" within the meaning of such term under applicable law.