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# **A MESSAGE FROM THE CEO**

2020 has been an incredibly dynamic year, full of both challenges and opportunities. Maintaining business continuity during the COVID-19 global pandemic revealed something I've known for a long time about this company: agility and resiliency are priceless. Over the years, ABC has taken great strides to build our business on a solid foundation capable of withstanding a wide range of exogenous shocks. This foundation includes core competencies that are rooted in our ESG program, such as strong corporate governance, health & safety, employee engagement and supplier relationships – all of which proved to be hallmarks of a program that was able to successfully adapt and overcome the litany of challenges presented by COVID-19.

I'm proud to introduce our second annual ESG report and invite you to explore the key programs and initiatives that have supported our journey over the past year. This includes a new section which highlights our approach to navigating the ongoing COVID-19 global pandemic and case studies that display our team's incredible accomplishments. For example, our teams' ability to rapidly produce lifesaving ventilator components and face shields in partnership with our customers and governments in countries in which we operate and deploy new technologies to more quickly engage with our 7,000+ employees and joint venture across the world. We are proud of our ESG progress over the past year, but fully realize the broadening set of challenges in an ever-changing world and are excited about the unfolding set of related opportunities.

We encourage feedback on this report. Please submit any questions or comments by email to csr@abctech.com.

Todd Sheppelman

Todd Sheppelman

President & Chief Executive Officer



ABC Plastic Moulding Circa1974

## **COMPANY OVERVIEW**

A privately owned Canadian company since 1974, ABC Technologies is one of the world's leading automotive systems and components manufacturers for the global automotive industry.

We cover every facet of the plastics processing technologies, systems and components for the global automotive industry - Fluid Management, HVAC Distribution Systems, Flexible Products, Interior, Exterior, and Air Induction Systems. Ranked as one of the top industrial automotive blowmolders and injection-molders in North America, our manufacturing processes include Blow and Injection Molding, Thermoforming, Sheet Extrusion, Interior/Exterior Painting and Material Compounding. We provide comprehensive support services, from advanced research and development to overall project management.

Our distinction is our vertical integration. We produce products from concept to production for a constantly growing number of unique automotive components and systems. The research and development, materials, design, testing, tooling, machines, processing technologies, and secondary assembly systems are all supplied and controlled within our own company. To our customers this means faster development, increased design flexibility, improved efficiencies in manufacturing and assembly, significant cost savings, enhanced quality and performance.



ESG PROGRAM OVERVIEW



ABC Technologies' FY2020 Environmental Social Governance (ESG) Report details our ESG program's performance and progress toward facilitating our core mission – to be the world's leading automotive components and system solutions provider for our global customers by delivering best-in-class products and services that are rooted in cuttingedge innovation.

All dollar amounts herein are in United States Dollar.

We encourage feedback on this report. Please submit any questions or comments by email to **csr@abctech.com** 







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ABC Technologies' Six Drivers of ESG Framework.

The information presented in this report reflects the operations of ABC Technologies for the fiscal year 2020 (July 1, 2019 – June 30, 2020). Content in this report covers all operations, including manufacturing, technical and customer centers, and administrative offices, in 33 locations globally including Canada, United States of America, Mexico, Brazil, Spain, Poland, China, Germany and Japan.



## **COVID-19 RESPONSE**

In a matter of weeks, the COVID-19 global pandemic profoundly changed how we live, work, and connect. During this unprecedented time, ABC's highest priority was protecting the health and safety of our employees and surrounding communities. Without missing a beat, ABC team members pulled together to implement the systems and processes necessary to ensure the safety of our workers while minimizing operational disruptions. The following letter from our CEO, Todd Sheppelman, captures the spirit of our perseverance and empathy in these trying times.



## **ABC's COMMITMENT STARTS AT THE TOP CEO MESSAGE – IT'S OUR PEOPLE THAT MAKE US STRONG!**

Dear ABC Technologies Team,

I know the past few months have created tremendous stress and uncertainty for you and your family. It is important to know that you are not alone during this global pandemic and that the ABC family is here to support you over the coming weeks and months as we transition back to a new normal.

Our priority as we begin to re-start our operations around the world is the health and safety of our employees, their families and the communities where we do business. During the past weeks of production shutdowns, our teams have been working together with multiple industry experts, health and safety providers and governments to assure that the policies and procedures we have put into place as we get back to work are benchmarks within our industry.

My commitment to you is to ensure we have strong two-way communication with all our team members on health and safety in all our workplaces, whether your work is in our plants, an office or labs. I want to make sure each of you understands the precautions and measures we have put in place to create a safe work environment and that we hear your feedback and concerns.

Together we will emerge from this crisis as a better company to face the challenges of the new world. I thank you for remaining strong and look forward to us building the next chapter of ABC.



#### ABC TECHNOLOGIES

## COVID-19 PLAYBOOK

The backbone of any successful crisis response is a set of well-defined policies and procedures to guide consistency across operational activities. A cross-functional team comprised of EHS, HR, legal, and operations coalesced to quickly develop and launch ABC's COVID-19 playbook. This document provides comprehensive guidance for a wide range of key activities and is informed by leading medical organizations (CDC and WHO), local legislation, and industry health and safety best practices.

The foundation of the playbook is the risk mitigation strategy which is comprised of six key areas and is based on the hierarchy of control methodology. Each of these strategies directly addresses the health and safety of employees that return to work through critical activities such as temperature screening, contact tracing, and personal protective equipment (PPE). The comprehensive and thoughtful guidance provided in the playbook enabled ABC to successfully protect the health and safety of its workforce while minimizing disruptions to operations.





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SAFFTY BEHAVIORS AND PRACTICES



PROTECTIVE EQUIPMENT AND CONTROLS



GLOBAL CONFORMANCE

# **COVID-19 EMPLOYEE PORTAL**

The rapidly evolving and dynamic situation created by the COVID-19 pandemic required near continuous communication with all employees across geographies and facility types. However, not all employees have access to an ABC email address. A COVID-19 employee portal was constructed in a matter of weeks to act as a hub for efficiently disseminating critical information to employees across the globe.

**EMPLOYEE PORTAL** 

The portal provided a wide range of information, including:



- Remote work assistance, including global roll out of new collaboration tools and expanded VPN capacity
- Health & safety measures
- Return to work details
- Health benefits coverage
- Employee assistance program

## EMPLOYEE HEALTH AND WELLBEING

Although certain aspects of operations have changed, the company's commitment to its employees remains steadfast. Throughout the COVID-19 pandemic, employees' health and wellbeing was supported and safeguarded via the following programs:

#### FINANCIAL WELLBEING



- Supported employees on furlough by topping up government programs
- Helped employees apply for government subsidies, such as Canada Emergency Wage Subsidy (CEWS) and Workshare

#### PHYSICAL WELLBEING



- Implemented robust health and safety measures
- Rolled out a Work from Home policy
- Guaranteed benefits coverage for employees on furlough and waived benefits premium
- Promoted the use of our **Employee Assistance Program**



- Implemented many ways to keep employees informed: CEO messages, Employee portal, and HR & Wellness newsletters
- Kept a personal connection with employees on leave through phone calls



#### **GM PROJECT V**







In March 2020, GM held an urgent supplier meeting requesting support in the fight against COVID-19 and to save lives. The situation presented to ABC was to tool up and produce high quality parts for life saving ventilators in only one month. ABC met the challenge head on by assembling a cross-functional team and was awarded the opportunity to produce 21 injection molded parts. The team worked relentlessly to benefit the common good and sent its first shipment of parts only 24 days after the initial meeting with GM. In total, ABC contributed to building 30,000 ventilators for the National Strategic Stockpile from April through August 2020. The team was honored to be part of this unprecedented collaboration that achieved remarkable results to support communities all during the COVID-19 shutdown and working from home.







#### DONATING FACE MASKS TO **FRONT-LINE HOSPITAL WORKERS**

An HR manager in the Product Development facility, Karen Purchase, led the effort to donate hundreds of N95 face masks to front-line hospital workers and received praise from both prime minister Justin Trudeau and Flavio Volpe, president of the Automotive Parts Manufacturers' Association (APMA).



Karen Purchase, HR Manager of Product Development

mold in only three weeks with production beginning three days thereafter. Additionally, despite high global demand for PET film, the program team successfully secured an FDA approved grade material from a North American supplier. Within only 11 weeks from the date initially approached by the APMA, ABC was able to ship 8,000 shields per day and contribute to protecting front-line workers.



Premier Doug Ford and CEO Todd Sheppelman reviewing ABC's new face shields at ABC Product Development plant.



#### MANUFACTURING FACE SHIELDS FOR **CANADA HEALTH DEPARTMENT**

ABC was approached by the Automotive Parts Manufactures' Association (APMA) in March 2020 to discuss the Canadian Government's urgent need for millions of face shields for frontline workers. In response, ABC designed a one-piece injection molded head band with an integrated strap that is 100% recyclable and re-usable, with

a replaceable anti-fog visor. After submitting a proposal for manufacturing the face shields, an order for one million shields was placed by the Federal Government. The challenge was to develop a complicated injection mold that was capable of handling high through put in a very short period. ABC was able to successfully design and build a

on Jan 30th 2020.



ABC's manufacturing proposal for 1 Million face shields submitted to the Federal Government.

#### COVID-19 RESPONSE

# SPECIFICATIONS: MATERIAL & PROCESSES





## **AWARDS AND RECOGNITION**

Globally, ABC Technologies has been recognized for the value we bring to our automotive customers. The awards and recognition we continually receive is a testament to the hard work and passion of our people. Since 1992, ABC Technologies has won over 100 awards.

Our focus on the quality of service, diversity in the workplace as well as with our supplier base, and overall customer care are a result of our ESG initiatives within ABC Technologies.





Below are few examples of the awards and recognitions ABC has recieved related to our ESG efforts.



- GM Supplier Of The Year\*



- DIVERSITY



- **CUSTOMER** CARE
- 2 Gold Awards
  - 1 Silver Award



- HEALTH AND SAFETY
  - Canada's Safest Employer Award\*

\* See the following page (13) for further information regarding these awards

2018 GM Supplier of the Year Awards Night.

#### AWARDS & RECOGNITION

• 2019 Toyota Certificate of Achievement Quality x2 • Toyota RAV4 Excellent Launch Award

• 2019 Corporation of the Year - Nominated • 2020 Procurement Advocate of the Year - Nominated • 2019 Supplier Diversity Leader Award - Winner Marc Mallais

#### • GM Customer Care & After Sales Delivery - Certificate of Excellence\*

- 4 Platinum Awards

#### **OUALITY:**



#### ABC TECHNOLOGIES HAS BEEN AWARDED GM SUPPLIER OF THE YEAR AWARD 14 TIMES

General Motors' supplier of the year award is presented to General Motors' suppliers who exhibit best-in-class performance across many facets. This is a clear reflection of ABC Technologies' contribution in a mutual effort to provide GM customers with the best vehicles and services in the industry. ABC Technologies has the distinct honor of being recognized with 14 SOY awards by GM across multiple business units since 1992 and will continue to deliver quality service and parts within our growing partnership with General Motors. Only a handful of suppliers to received this many awards.

#### HISTORY OF ABC TECHNOLOGIES' GM SUPPLIER OF THE YEAR AWARDS



#### **CUSTOMER CARE:**







#### GM CUSTOMER CARE & AFTERSALES PLATINUM, GOLD & SILVER CERTIFICATE OF EXCELLENCE

ABC Technologies was presented with 7 awards in recognition for outstanding on-time shipping performance to General Motors customer care and aftersales. This was a testament to all the awarded teams that exemplified the dedication and commitment to serve customers like GM with excellent customer service.

#### **HEALTH AND SAFETY:**



ABC received the 2020 Excellence Award from the Canadian Occupational Health & Safety Magazine for "Best health, safety and environment management program." This award is open to organizations across Canada and recognizes excellence in environmental protection in concordance with health and safety management.

#### COMPLETE LIST OF SHIPPING LOCATION CITY AWARD LEVEL:

 ABC Climate Control Systems In Etobicoke, ON Platinum Salga Associates Concord, ON Platinum ABC Group Interior Systems Inc Etobicoke, ON Gold MSB Plastics Ltd Etobicoke, ON Platinum ABC Group Brampton, ON Platinum Grupo ABC De Mexico Sa De Cv Queretaro, QA Silver Grupo ABC De Mexico Sa De Cv San Juan Del Rio, QA Gold

#### CANADA'S SAFEST EMPLOYER AWARD: BEST HEALTH, SAFETY AND ENVIRONMENT MANAGEMENT PROGRAM



The employees at ABC Technologies are the foundation for the growth and success of the company. We are committed to safe working conditions, offering skills and career development, and an inclusive and respectful working environment. ABC Technologies is committed to ensure all employees are treated fairly, with dignity and consideration, and that diversity in the workplace is both embraced and highlighted. We will apply fair labor practices, while respecting the national and local laws of the countries and communities in which we operate. ABC Technologies' Global Code of Conduct highlights these and other support practices for all our employees.



ABC Tech Centre Employees

#### **HEALTH & SAFETY** MANAGEMENT PROGRAM





In 2020, ABC had a goal to become certified to the ISO-45001 standard which will enable the program to receive formal recognition for the best practices utilized across operations. Due to the operational disruptions created by the COVID-19 global pandemic, personnel were not able to access the plants to conduct the audits in preparation for the certification. While the targeted certification date has been delayed to 2021, the team continues to work on ISO 45001 and ISO 14001 system integration and further development of system policies to ensure conformance with these standards.

# **PRODUCTION SAFETY**

Our ongoing philosophy is that one incident which causes a personal injury is one too many. To drive our endless commitment to the health & safety of all our people, ABC Technologies has built a world-class health & safety program that is deeply embedded throughout our manufacturing processes and culture. The comprehensive program is systematically driven throughout all operations and begins with our Health & Safety Policy, which is supported by rigorous continuous improvement initiatives, relevant employee training sessions, frequent communication and reporting.

We set the following goals and objectives in FY20 to further advance our overall injury and incident prevention performance.

ZERO RECORDABLE INJURIES



## **IDENTIFY AND ELIMINATE ALL HAZARDS** AND RISKS FROM OUR BUSINESS ENVIRONMENT



#### **HEALTH & SAFETY POLICY**

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ABC Technologies is committed to providing and maintaining a healthy and safe workplace for all employees, contractors and visitors. Our Health & Safety Policy sets forth our expectations for management, supervisors, and employees to continuously strive towards improving our health & safety system. Our standards of an injury free work environment, including those related to violence and harassment, are achieved through rigorous accident/injury prevention processes and trainings.

Additionally, the company does not tolerate substance abuse or intoxication on the job and employees are expected to promptly report any violations of safety rules or guidelines to supervisors.

#### **HEALTH & SAFETY PROGRAM** STAFF RESPONSIBILITIES



We believe that clearly delineating responsibilities at each staff level ensures that employees are aware of their responsibilities and expectations for supporting the achievement of organizational safety goals. The Health & Safety Program Responsibilities framework below lays out responsibilities for each staff level and is routinely communicated.

#### Management

The management team is committed to the prevention of occupational illness and injury, in both the workplace and in the use of our products and services. The management team is responsible to develop, implement and maintain a health and safety management system with procedures for implementing these policy objectives and ensure that safe and healthy work conditions are maintained and legislated requirements and industry standards are being followed.

#### Supervisors

Supervisors are accountable for the health and safety of the workers they supervise and that machinery and equipment are in safe operating condition. It is the responsibility of every supervisor to ensure that safe and healthy work conditions are maintained. The supervisor must ensure that all established company safe work practices, legislated requirements and industry standards are being met and followed.

#### Employees

It is the responsibility of every employee to work safely and to report all unsafe or unhealthy conditions to their supervisor immediately. Every employee must protect his or her own health and safety by working in compliance with the law and with safe work practices and procedures established by the company.

#### Visitors and Subcontractors

It is the responsibility of all visitors and subcontractors to abide by the ABC Technologies health and safety management.

#### **PRODUCTION SAFETY**











#### CONTINUOUS IMPROVEMENT INITIATIVES



The pursuit of ongoing improvements is a critical focus for our company and progress is frequently measured against key operating indicators. The health & safety management team is constantly identifying and implementing a wide range of continuous improvement initiatives to help advance overall goals and objectives.

The following list provides examples of health & safety continuous improvement initiatives undertaken in 2019.

- Monthly corporate "Always Be Careful" safety message
- Pre-shift tool box talks
- Near miss & hazard reporting incentive (pizza party for every 150 reported & corrected)
- Safety alerts
- 90% corporate safety audit objectives
- 2 JSA's per general manager per plant per month
- Serious Six
- RADAR (Non-routine work hazard assessment program) (see below)
- Stop and Think! Stop work authority cards (see below)





#### EMPLOYEE TRAINING PROGRAMS



specific plant.

## FY2020 HEALTH & SAFETY TRAINING COURSE LIST

Accident Investigation	Aerial Platform (Scissor Lift)	Arc Flash	Compliance Obligations in Canada	Confined Space Awareness
Confined Space Entry	Contractor Safety	Crane Safety	Due Diligence	EMS Awareness Training
Ergonomics / Musculoskeletal	Fall Arrest / Fall Protection	First Aid & CPR	First Aid & CPR (Renewal)	Fire Extinguisher Safety
Forklift & Propane Handling	Forklift Recertification (Practical)	Hazard Analysis	Lockout/Tagout	Machine Safety and Guarding
Manual Material Handling	Personal Protective Equipment	Spill Containment	Supplier/Contractor Environmental Compliance Form Training	Transportation of Dangerous Goods (TDG)
	WHMIS 2015-GHS Refresher	Working at Heights (Ladder Safety)	Workplace Inspection	

#### **PRODUCTION SAFETY**

ABC Technologies provides health & safety training courses (see below), each of which are designed to address specific job and taskrelated risks such as accident/incident investigation, forklift training, and lockout/tagout. Each course has a required and/or suggested training audience and training frequency (e.g., at orientation, annually, biannually), which is based on a combination of job description, regulatory requirements, and industry best practices. The courses are taught in-person by a subject matter expert who is either in-house or from an external provider. Additionally, there are also job and activityspecific work instructions and training provided to employees at each



David Ellacott (CHRO) speaking during the May 2019 Town Hall.

#### COMMUNICATIONS AND REPORTING



Frequent, proactive, and transparent communication is critical to achieving health & safety program goals and objectives. ABC Technologies' believes that keeping employees informed about key issues and progress updates will enable well rounded superior performance throughout our operations.

We utilize various methods and formats to deliver health & safety information to our employees in key timeframes, including:



Safety messages

#### Weekly

- Serious incident top management review meetings
- H&S top focus plants for high incident rates
- MyAbc portal
- Safety talks

#### Daily

- Tailgate meetings
- **Other** Safety alerts



#### PARTICIPATION IN THE **ONTARIO HEALTH & SAFETY EXCELLENCE PROGRAM**



hazard.

As an Ontario based program, seven of ABC's Ontario area facilities are actively participating. Five topics were selected for 2020 and include: Incident investigation & analysis, recognition of hazards, contractor management program, change management & procurement, and external audit. These topics were selected based on their importance and necessity to develop a world class health and safety management system. Each site will use the "plan, do, check, act (PDCA)" model to implement the new standards, communicate those changes to all affected individuals, train applicable personnel, evaluate effectiveness, and acknowledge successes while continually improving on each topic.

- completed

## **PRODUCTION SAFETY**

The Workplace Safety & Insurance Board's (WSIB) excellence program provides a roadmap to improve safety systems in the workplace and includes up to five topics which focus on eliminating or controlling a

There are many benefits of participation, including:

• Protect employees by reducing the risk of hazards and enhancing the workplace health and safety culture within facilities

• Provide a rebate on premiums paid to the WSIB for each topic

 Recognition by the WSIB and the Ontario Ministry of Labour along with the opportunity to network and share best practices with other like-minded businesses

#### SAFETY AWARD SUBMISSION



ABC received the 2020 excellence award from the Canadian Occupational Health & Safety Magazine for "Best health, safety and environment management program." This award is open to organizations across Canada and recognizes excellence in environmental protection in accordance with health and safety management. Entrants can be from any industry and must demonstrate a clear commitment to incorporate social responsibility, sustainability and proven environmental initiatives while maintaining strong health and safety management.



#### BEST HEALTH, SAFETY AND ENVIRONMENT MANAGEMENT PROGRAM

ABC Technologies Inc. Birchcliff Energy Ltd. FortisAlberta GFL Environmental Inc. Liquids Division Metrolinx Primoris Canada

#### **HEALTH & SAFETY COST** REDUCTION



Each year our facilities in Mexico complete a regulatory based risk assessment that is required through the Mexican Social Security Institute (referred to as 'IMSS' locally). The IMSS works with our sites to conduct a H&S risk assessment, which can affect the site's insurance premiums - either an increase or decrease - based on the risk rating factor received.

Following the results of the risk assessment, Plant 4 and Plant 5 implemented several recommendations that resulted in reducing the safety risk factor and lowering insurance premium costs by over \$169,000.

# A MESSAGE FROM OUR DIRECTOR OF HEALTH, SAFETY & ENVIRONMENT

At ABC, we continue our journey to make safety practices and behaviors second nature, like a good life habit.

We are pleased to recognize that FY20 was our best injury rate reduction year since the company started monitoring this key lagging indicator this way. It is great to see our overall injury rate return to a downward trend. Having said this, we realize that yesterday is gone. We cannot rest on past performance and need to focus on continually improving our EHS processes, practices, and culture each and every day, until it becomes second nature.

#### Enzo Sorrentino

Director of Health, Safety & Environment

Measure	FY17-18	FY18-19	FY19-20
DART	-63%	125%	-74%
Total Case Incident Rate	-47%	24%	-32%
TCIR Average Against Benchmark	-45%	-56%	-80%
Lost Time Incident Rate	-40%	-19%	-53%
LTIR Average Against Benchmark	-50%	-40%	-58%

## PRODUCTION SAFETY



## HEALTH & SAFETY KPIS: YEAR-OVER-YEAR CHANGE

Note: FY19-20 results are Year-To-Date



## **EMPLOYEE ENGAGEMENT**

We recognize that to attract, retain, and engage employees, we must have competitive pay and benefits programs combined with a great work environment. To this end, we are embarking on a journey to raise the bar in all areas to ensure we have a compelling value proposition to share with current and prospective employees.

We have developed an Employee Value Proposition (EVP) Framework that outlines the package of compensation, benefits, and work environment initiatives that we offer employees in exchange for their performance and commitment to the company. This Framework is part of our long-term strategy designed to enhance our competitiveness from both an employee and business perspective.

#### Our EVP Framework aims to achieve the following benefits:

- Position our total rewards' offerings to achieve our goal of being highly competitive within our industry
- Prioritize our engineers and top talent when addressing compensation and talent management opportunities
- Adjust the hourly wage schedules to drive significant reductions in turnover and attract better qualified hires (when required)
- Implement talent management processes and tools to enhance employee skills, engagement and drive a culture of accountability

Our EVP is designed to make ABC Technologies an even better place to work, and specific initiatives will be launched to drive a consistent workplace experience for employees across the globe.



<b>mental Rewards</b> "Great Workplace"	F
oment & Growth	Educationa
our People"	Assistance
n <b>ance-Based Rewards</b>	Short Term
pr-Performance"	Incentive Plan
<b>tional Rewards</b>	Competitive
e Basics Right"	Salary

Environ

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Perfor

Foundat

We "Get t

## EMPLOYEE ENGAGEMENT

ABC Plastic Moulding 35th Anniversary.

## **Employee Value Proposition**



This diagram represents the overall structure of the EVP Framework at ABC.

#### **RECRUITING AND RETAINING** TOP TALENT



Maintaining a top caliber workforce requires that everyone have an equal opportunity. We give all prospective candidates equal employment opportunities, without regard to race, color, national origin, ancestry, citizenship status, religion, sex, reproductive status (including pregnancy, childbirth, or related medical conditions), age, disability, veteran status, sexual orientation, gender identity or expression, or any other characteristic protected by law. This applies to all employment decisions, including recruiting, hiring, and terms and conditions of employment.

We comply with all applicable labor and employment laws, including those for working conditions, wages, hours, breaks, freedom of association and benefits. Additionally, we respect the human rights of our employees and our various stakeholders and are committed to supporting their protection and preservation throughout our global operations.

ABC Technologies is committed to the attraction and selection of the best talent for all roles. We strive to employ consistent hiring practices across our network to ensure external/internal candidates are treated with dignity and respect, and that objective hiring decisions are made across all phases of our recruitment cycle.

#### **EMPLOYEE & LEADERSHIP** DEVELOPMENT



Our Educational Assistance Program offers tuition reimbursement to eligible employees (\$3,500 per employee per fiscal year) for successfully completing pre-approved courses at accredited educational institutions. The intent of this program is to provide employees with the opportunity to acquire new skills to improve their performance in their current job and/ or attain the required education to advance their career at ABC Technologies. As of FY20, this program also supports employees in the pursuit of a professional designation. This program is currently available in Canada and the US, but will be expanded to Global locations in the future. Since the inception of the program, 31 employees have participated and been reimbursed through the program. We also launched a new 90-Day Onboarding Program in order to provide new employees with a deep understanding of their role, their team and the company, while helping them build strong working relationships.

LEADERSHIP & SUCCESSION



TALENT MOBILITY



We believe in "growing from within" and investing in employees who choose to grow with us. Opportunities regularly arise for our employees to be temporarily assigned to support other company locations. As part of our commitment, we are piloting a new internal job posting program to ensure that all salaried opportunities are made visible, and all internal employees are provided the first opportunity to apply to, and be considered for, these open roles. The program will be extended to all our global locations in the future.

#### PERFORMANCE MANAGEMENT



support by:

#### EMPLOYEE ENGAGEMENT

We recently started strengthening our talent processes in order to better assess, discuss, and calibrate talent across our organization. The first steps included the identification of critical roles and the implementation of a new performance management process. Our goal is to build a strong process that will allow us to identify key talent for future development opportunities and to build strong succession plans

We are evolving to a "pay-for-performance" culture where employees are measured and assessed based on the achievement of individual performance objectives and the demonstration of core leadership behaviors. We have piloted a new Performance Management approach in July 2019 that will help to improve individual and organizational

• Identifying and communicating performance goals to employees Providing regular feedback

Assisting employees in their career development

#### **EMPLOYEE BENEFITS**



Our focus is to develop globally-consistent, and market-relevant programs to enhance organizational performance, and recognize and reward employees for their significant contributions. We commit to providing a fair and competitive total rewards package that will attract, retain, and engage employees at all levels. Our total rewards programs, structures and decisions are aligned with the business strategy and HR strategy. In order to become the "employer of choice", we strive to provide total rewards programs that are market competitive and meet employee needs, which include:

- Competitive base salary that is reviewed every year
- Performance based annual incentive plans that are available to all employees
- Comprehensive group benefits plans that meet the diverse needs of employees (e.g. life insurance, extended health care, medication, dental care, LTD, STD, vision care, paramedical services, etc.)
- Retirement and savings plans to help employees prepare for the financial future

In addition, the company offers various programs to promote employees' overall wellbeing, including:

- Employee Assistance Program (EAP) that offers confidential consultation services to both employees and their families
- Service Awards program that recognizes employees' service and loyalty
- Recognition program that awards employees for above-and-beyond contributions
- Unique Car Discount program that allow employees to benefit from huge car purchase discount just for being an employee of ABC

We offer differentiated benefits and rewards to address the unique market conditions in our international locations. For example, in Mexico, we provide on-site cafeteria services, access to medical services and various bonus/ incentive programs to enhance our market competitiveness and drive employee retention.

#### **DIVERSITY AND INCLUSION**



Our ability to reach full potential as an organization requires high performing talent that brings unique perspectives, experiences, and ideas to the team. A diverse and deep talent pool enables us to deliver differentiated products and service levels to our customers. Creating an environment where team members feel valued is critical. This includes promoting employee development, actively seeking different perspectives and building various workplace programs. We comply will all federal and local regulations governing the regions in which we operate. In FY20, we took the time to celebrate the diversity of our workforce and reinforce our commitment to creating and maintaining a culture of respect where everyone feels safe and empowered to bring their best self to work every day. We recognized the achievements of women who are making a difference at ABC across our international locations on International Women's Day and we paused our operations to take a strong stance against discrimination through a company-wide moment of silence in support of the Black Lives Matter movement. Our goal is to continually improve as we continue our journey to establish ourselves as a best-in-class employer with a global, diverse workforce and an inclusive workplace.

#### COMMITMENT TO NONDISCRIMINATION AND ANTI-HARASSMENT



We are committed to providing a work environment where employees are evaluated based on abilities and quality of work. We do not tolerate harassment, psychological or physical abuse, or physical coercion, including indecent or threatening gestures, abusive tone or language, or undesired physical contact. The Company prohibits offensive racial, ethnic, religious, age-related, or sexual jokes or insults, distributing or displaying offensive pictures or cartoons, or using voicemail, email, or electronic devices to transmit derogatory or discriminatory information. The Company does not tolerate unwelcome sexual advances, requests for sexual favors, or physical or verbal conduct of a sexual nature. The Company also does not tolerate workplace violence or threats. Management team members are always expected to conduct themselves with professionalism. Any employee who has experienced or witnessed discrimination or harassment is expected to immediately report the conduct to a supervisor, a member of the HR team or



2019 Car Raffle at Climate Control Systems.

#### EMPLOYEE ENGAGEMENT

#### COMMITMENT TO NONDISCRIMINATION AND ANTI-HARASSMENT CONTINUED

through the confidential Ethics Hotline. The Company will promptly review all reports and conduct a follow-up investigation, if appropriate. In FY20, we started a new initiative to reinforce the importance of respect at work for all of our team members. This project started with a global employee survey and will include an update of our existing policies, as well as a training program.



EMPLOYEE TURNOVER

# **28%** IMPROVEMENT IN REGIONAL EMPLOYEE TURNOVER

The majority of ABC's locations have best-in-industry turnover rates, with year-over-year regional turnover improving by 28%.

A select few facilities are currently targeted for improvement with strong action plans in place and regular reporting. Facilities that have seen tremendous improvement include our Product Development (PD) group which has worked very hard to reduce turnover amongst our new hires. In November 2019, the team recognized that 73% of newly hired employees left the organization within the first 30 days. ABC PD quickly responded to this challenge by taking several actions, including:

#### ONBOARDING PROGRAM

Implementing an Onboarding Program for employees that included daily, weekly, monthly follow up with all new employees

#### TRAINING PROGRAM

Implementing a structured on-the-job training program that enabled our employees to progressively work from the easier processes to the more complex processes

## **EMPLOYEE PROFILE**

Global Headcount
Total <b>6,152</b>
Temporary Staff 1%
Joint Venture 1,464

## **DIVERSITY IN CANADA**

Diversity has played an important role in ABC's formative history. Since opening its doors, ABC has created a society of mixed languages, cultures and religions, with employees residing from 45 heritage countries and speaking over 42 different laguages. ABC is a proud supporter of workplace diversity which allows its employees to succeed throughout the company.



## EMPLOYEE ENGAGEMENT

#### COMMUNICATION

Addressing any employee concern immediately

#### EMPLOYEEE EVALUATION

Implementing an employee evaluation of the program and supervisors by the end of the first 90 days

These actions resulted in a significant improvement in new employee turnover – which decreased by 52%.

Regional Headcount
Canada <b>1,747</b>
U.S. <b>1,998</b>
Mexico <b>1,767</b>
Global <b>640</b>





# **PRODUCTS MADE FOR OUR CUSTOMERS**

ABC Technologies is responsible for making innovative products tailored to exceed the expectations of our customers. To achieve the highest level of customer satisfaction, we focus on excellence in design, quality, advanced engineering, supply chain management, lean manufacturing and precise launch activities. We are committed to implementing operational improvements, innovation of products and processes that position our customers and ourselves for long-term growth, and to uphold our customer's ESG expectations.





#### **PRODUCT OVERVIEW**



With hundreds of patents on materials technology, products and processing systems, our reputation for product innovation is internationally recognized. Customers use our plastic components and systems, in every area of their vehicles, to pioneer new automotive advancements in performance and sustainability. In addition to the inherent cost savings in tooling, manufacturing and assembly production, ABC Technologies plastic products offer several important functional qualities that directly address sustainability objectives:

- Lightweighting
- Efficient use of space

- Enhanced permeation and temperature resistance

ABC Technologies Head Office Showroom.

- Sizing customization
- Vehicle fuel efficiency
- Improved performance, durability and flexibility

#### PRODUCTS MADE FOR OUR CUSTOMERS

#### SUSTAINABILITY CONSIDERATIONS DURING **PRODUCT DESIGN**



The ABC Product Design Program utilizes a cross-functional, gated, collaborative approach to develop technologically advanced and unique automotive product solutions. At the foundation of this program is the Advanced Product Quality Process (APQP), which consists of a structured six phase approach that is used to ensure effective product design/development and execute a flawless launch that exceeds our customer's expectations.

As part of the APQP, ABC has developed a structured procedure to review sustainability related aspects and risks for the design, development, and implementation of new products, processes, equipment, and plants. The objective of this procedure is to ensure that appropriate consideration is given to environmental, health and safety aspects in order to address potential risks and opportunities. Impacts evaluated include the following:

#### Product Chemical Content

- Assess the chemical compliance status of carry-over content prior to finalized design.
- Evaluate existing content for the presence of Substances of Very High Concern (SVHCs) in support of global legislation.

#### **Ergonomics and Safety**

- · Evaluate product design for possible health & safety challenges.
- Determine the best manufacturing processes to avoid injuries.

#### Product Recyclability

- · Determine if the use of recycled material is feasible.
- · Decide if selected materials maximize end-of-life recyclability.

#### Energy and Waste

- · Assess manufacturing equipment, materials, and product life cycle for energy usage and minimize where possible.
- Evaluate opportunities for reduction of scrap and manufacturing waste streams



## **PRODUCT CASE STUDIES**

At ABC, there are several internal projects being implemented to address the sustainable aspects of product design. This ranges from the development of 3D printed polypropylene, to the use of variable cooling in blow molding cycles, and the elimination of several steps in processes whether its welding or painting. ABC continues to push the narrative to a more sustainable future, not just for ABC, but for our customers as well.

The next few pages will highlight six different project case study examples that explain the initiatives undertaken and the sustainable benefits / advantages achieved.

These include:

- 3
- 4
- 5
- 6

Polypropylene Filaments and Critical Enablers for Scaling-Up

Variable Cooling for Blow Molding Applications

Elimination of Welding as a Secondary Process for Injection Molded Parts

Development of High-Gloss 2-Shot Injection Molding for Paint Elimination

Development of Water Injection Tanks with Integrated Heaters

Implementation of High Temp PP for Under Hood Ducts

## PRODUCT DESIGN SUSTAINABILITY CASE STUDIES

#### POLYPROPYLENE FILAMENTS AND CRITICAL ENABLERS FOR SCALING-UP



Polyproplyene 3D Printed Samples

Several Polypropylene resins have been converted to filaments and developed in house at Salflex Polymers LTD and used to print acceptable quality parts with better surface quality than anticipated. The process is being developed and optimized with a new Fused Deposition Modeling machine (FDM). In FDM, filament of thermoplastics is deposited in layers to create a 3D printed object. There are several advantages of using filament vs. purchasing market resin, including:



#### Production:

- Reduced raw material cost
- Decreased storage footprint for molds and fixtures
- Enhanced prototyping abilities
- · Possibility of developing parts on-demand

#### Product Quality:

• 25% higher mechanical properties compared to resin

#### Environmental:

 Lightweighting yields fuel consumption reduction during transport and lowers CO<sub>2</sub> emissions

#### VARIABLE COOLING



High Tempurature Blow Mold Cycle



**Cool Tempurature** Blow Mold Cycle

#### **Environmental:**

## **PRODUCT DESIGN & TESTING**

Blow molding applications, such as running boards and bumpers, generally require longer cycle times which can become further extended if the object requires textures or wordings to be formed on its surface. Creating textures or wordings requires the mold to run at elevated temperatures so those features can properly form, which can be up to 30°C higher than a typical blow molding process.

ABC has identified an opportunity to optimize the cooling process where the tool goes through a predefined cyclic heating and cooling period to maximize the heat removal while still delivering the same acceptable part quality. The tool only requires an elevated temperature to form textures or wordings at the beginning of the process when the parison touches the tool surface. After this period, the temperature of the tool can be lowered based on the cooling policy dictated by the optimization model to accelerate the heat transfer phenomenon. This optimized process is currently under development and anticipated benefits include:









#### Production:

• Ability to shorten the in-mold cycle time resulting in overall cycle time savings of up to 14%, which enables an increase of production by 12% per day

• Reduce energy consumption by up to 20% as a result of lowering the heating requirement of the tool

## PRODUCT DESIGN SUSTAINABILITY CASE STUDIES CONT'D

#### ELIMINATION OF WELDING BY FUSING BOTH HALVES IN ONE PROCESS



Section View of Fused Halves

Certain bottles, such as washer bottles and gas tanks, are manufactured using a multi-stage process. First, the two halves are injection molded and in a second step, the halves are welded together outside of the molding machine inside a secondary welding press. This multi-stage process creates several challenges including lengthened production time, which can increase energy consumption and costs, and heightened assessment of quality control due to excessive displacement of the semi-molten material which can result in a weak weld and poor sealing performance.

ABC identified an opportunity to combine the manufacturing of a bottle in one step and eliminate a secondary welding process. To make this happen, both halves are injected in an out-line position. After the injection and hold steps, the mold opens and the stationary half of the mold moves to an in-line situation and in the welding position. The mold then closes, and the two halves are fused and the finished part is made before the mold re-opens. When the mold closes, the bonding flanges engage into a locking mechanism for better fusion process.

Benefits of this initiative include:



**0%** SHRINKAGE OR DEFORMATION



**REDUCTION OF OVERALL CYCLE** TIME



20% ENERGY REDUCTION DURING MOLD PROCESS



**REDUCTION OF** WELD SCRAP





Injection Molded Bottle - IR Welded

# Financial:

Production:

#### **Environmental:**

Injection Molded Bottle - In-Mold Fusion

#### Injection Molding Process with In-Mold Fusion Features



1. Mold opens after both halves of part are injected in out-line position



3. Mold closes and infuses both parts together

## **PRODUCT DESIGN & TESTING**

#### **Product Quality:**

- Reduction of warpage and improvement of sealing since both halves
- at the end of hold time are to the exact shape of the mold with zero
- shrinkage or deformation
- Higher thermal uniformity of the entire bottle

• Reduction of overall cycle time to create one bottle

• Reduction of capital investment by elimination of weld press

- Reduction of welding production scrap
- Simulations show that the process could reduce energy by up to 20% or more by using the heat momentum during the molding process for creating the final bottle instead of reheating of the already injection molded and cooled halves

2. Half mold moves into in-line position to align both halves of part



4. Part is ejected from the mold

## PRODUCT DESIGN SUSTAINABILITY CASE STUDIES CONT'D

#### **DEVELOPMENT OF HIGH-GLOSS** 2-SHOT INJECTION MOLDING COMPONENTS



ABC Technologies is currently developing and producing alternative manufacturing methods to achieve high-gloss appearance for Automotive Exterior and Interiors commodities applications. These methods include two shot technologies and mold in color material development. Benefits include:





#### **Environment:**

• Elimination of painting which avoids Volatile Organic Compounds (VOCs)

#### Production:

 Lower cost through the elimination of multiple processes and less part handling

#### **Product Quality:**

• High quality surface appearance



#### 3 (5) (1)(7) CREATE PART IS PART IS PART IS PAINTED SET ON PAINT RACK INJECTION INSPECTED AND (Base Coat, Main Coat MOLDED PART Top Coat) PACKAGED (2) 4 6 INSPECT MOLDED PART IS PART IS CLEANED CURED/DRIED (1)2 (3) (4) INJECT INJECT MOLDED PART IS THE FIRST THE SECOND PART IS **INSPECTED &** RELEASED PACKAGED SHOT SHOT

#### DEVELOPMENT OF WATER **INJECTION TANK WITH INTEGRATED HEATER**



PTC Heater





#### PTC Heater: Infrared Mode

- burn efficiency
- pre-ignition

#### Environment:



#### **2 SHOT PROCESS** IN PAINTING

## **PRODUCT DESIGN & TESTING**

In the goal to achieve as much energy as possible from a gasoline engine, a European OEM resurrected a World War II era aircraft engine take off power augmentation method. This method leverages modern day precision injection systems which allow for intelligent, integrated engine control including the use of water injection. ABC Technologies partnered with a company experienced in Positive Temperature Coefficient printed heaters to devise a cost-effective solution to prevent ice formation in the water tank. The joint development successfully produced a Phase 0 proof of concept that met the customer's specifications. At a basic level, water injection has various benefits because of the cooling effect to fuel charge and pre-ignition prevention. This includes:





#### **Mechanical Operation:**

• Higher proportion of oxygen in each charge, increasing power &

• Prevents to onset of engine "knock" also known as dieseling or

• Allows for an increase in the compression ratio, which delivers greater output efficiency

• Decreased fuel consumption and reduction in CO<sub>2</sub> emissions

## PRODUCT DESIGN SUSTAINABILITY CASE STUDIES CONT'D

#### HIGH TEMP PP FOR **UNDER HOOD DUCTS**



Under Hood Duct Systems

ABC developed a common outlet hood duct for heavy duty diesel trucks using injection molding. When selecting appropriate materials, the hood duct must be able to withstand temperature requirements of 130°C. At the time of production, polypropylene resins could only achieve 120°C. Therefore, a polyamide resin was selected which had a weight over five pounds due to the density of the material and the large-scale design of the part.

To reduce the mass and improve handling and ergonomic concerns, ABC partnered with another company and developed a high temperature grade polypropylene that performed equivalent to the polyamide resin. Additionally, the new material uses existing tooling, molds, and fixtures which avoids process changes. The material has been completely validated by ABC and the OEM is finalizing the vehicle durability tests by mid-Oct 2020, with commercialization anticipated in mid-Nov 2020.

The new resin has a number of benefits including:



#### **Environment:**

- 20% weight reduction, which reduces handling and ergonomic stresses on the operator and reduces fuel consumption
- New material does not need to be dried for processing thus saving additional utility costs and future capital of drying equipment

#### Production:

• New material price is 10% lower than the current material price



#### **RESPONSIBLE SUPPLIERS**



ABC selects business partners whose values and business practices are compatible with our own high standards. These standards are laid out in the Supplier Quality and Development Manual which provides details about ABC's expectations and requirements for current and potential new suppliers, including environmental, safety, and sustainability performance.

The environment is a priority to ABC and therefore suppliers are encouraged to be certified to ISO 14001 or working toward certification. Additionally, we will not engage in activities or deal with third parties, in our supply chain or otherwise, that encourages human rights abuses or that support trafficking in persons or the use of child labor or forced labor. Suppliers are expected to demonstrate, upon request, compliance with local, national, and international standards and regulations regarding health, safety, and environmental issues relevant to the supplier's business.

ABC encourages all of our sub-tiers to take the online training provided through AIAG "Supply Chain Corporate Responsibility" training.

#### SUPPLY CHAIN MANAGEMENT

Supreme Tooling Group built fixture with an automated feeder

## SUPPLY CHAIN MANAGEMENT

#### PRODUCTS MADE FOR OUR CUSTOMERS



Plant 5 Shipping Docks in Ramos, Mexico.

#### SUPPLIER MANAGEMENT & AUDITING

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ABC has a team of 15 employees to manage suppliers, with team members broken down by separate areas of operations including supplier quality, logistics assistance, packaging, tooling, and capital expenditures. The majority of the team is located in North America, although several supplier quality personnel are located in China.

Internal resources are utilized for auditing suppliers, including evaluation of rates, quality, and environmental & safety issues. ABC has a full supplier notice system which covers direct and indirect suppliers and both new and existing suppliers. This system tracks the audit schedule, audit findings, quality notice reviews, and corrective action plans. Currently, auditing efforts are focused on direct suppliers with approximately 2% audited on an annual basis. To date, ABC has not terminated a supplier due to environmental, safety, or other sustainability issues.

#### SUPPLIER DIVERSITY



To demonstrate our commitment, we are partners with the Michigan Minority Supplier Development Council (MMSDC), the National Minority Supplier Development Council (NMSDC), the Canadian Aboriginal and Minority Supplier Council (CAMSC), and Woman Business Enterprise Canada (WBE).



ABC Technologies Senior Buyer, Edet Umoafia, annoucing Jacqueline Throop-Robinson at the 2020 WBE Canada's Conference.

#### **CONFLICT MINERALS**



ABC Technologies Inc. is committed to ensuring that parts and assemblies in our products, regardless of where they are assembled or sold, are free from conflict minerals. To that end, the company has engaged its suppliers to investigate their supply chains in order to provide conflict mineral and smelting data. ABC has provided guidance to suppliers to facilitate this process, including access to key resources such as iPoint Conflict Minerals Platform (iPCMP) and the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

#### SUPPLY CHAIN MANAGEMENT

As a company that recognizes the importance of diversity, ABC Technologies awards contracts to under-represented suppliers that meet our contractual requirements. In partnering with different groups of suppliers, we hope to level the playing field, increase market competition, and boost economic activity for certified businesses.



# **GUIDED BY ETHICS AND DRIVEN BY GOVERNANCE**

## CODE OF ETHICS AND BUSINESS CONDUCT

The Company holds itself to the highest ethical standards. The Global Code of Ethics and **Business Conduct outlines ABC** Technologies' commitments and business ethics procedures, throughout all the jurisdictions that it operates and/or conducts business in. ABC Technologies is committed to doing business in an open, honest, and ethical manner.

The legal department is responsible for administering the

Code and all supporting Policies, including overseeing compliance training, auditing and monitoring, conducting internal investigations, and updating the Code and policies as required. The HR Department is responsible for providing the Code to personnel upon joining the Company. Employees may be asked to review core compliance policies annually, certify they understand the terms and are not aware of any violations, and receive refresher training.

Employees or third parties have the opportunity to report concerns about possible violations of the Code or Policies or to seek guidance on ethics and compliance matters by contacting the General Council or through the Company's Ethics Hotline. The code strictly prohibits retaliation against those making good faith inquiries or complaints.

ABC Technologies has published a separate document, entitled "Global Code of Ethics and Business Conduct", which can be found on our website and describes the following governance topics:

#### **Business Responsibilities**

- Management responsibilities
- Commitment to obey the law and the code
- Document retention
- Accurate financial records

#### Responsibilities to employees

- Equal opportunity employment
- Non-discrimination and non-harassment
- Set an appropriate standard
- Labor and employment laws
- Human rights
- · Occupational safety and the environment
- Maintaining a safe workplace

#### Expectations for employees

- Appropriate use of company equipment
- Maintain confidentiality
- Refrain from insider trading
- Refrain from conflicts of interest



## CORPORATE GOVERNANCE

Corporate Governance is required for ESG development and oversight. ABC Technologies is accountable for managing, measuring and reporting our business initiatives and performances. ABC Technologies is committed to providing both transparency and clarity of business endeavors.

#### GUIDED BY ETHICS AND DRIVEN BY GOVERNANCE

#### Legal obligations

- Compliance with the law
- Avoid corruption
- Immigration law compliance
- Data privacy
- International trade compliance

#### Responsibilities to third parties

- Our customers
- Ethical sales practices
- Fair dealing with vendors and suppliers

#### Investigations and anti-retaliation

Responsibility to report violations



# **CYBERSECURITY**

## **OVERVIEW**

At ABC Technologies, we have developed an enterprise cybersecurity strategy that has been designed using industry accepted frameworks such as NIST Cybersecurity Framework, ISO/IEC 27001, and the ISACA COBIT Framework. The core of the strategy is based on the NIST Cybersecurity Framework five functions: identify, protect, detect, respond, and recover. These functions balance proactive safeguards while preparing for worstcase scenarios.

## GOVERNANCE

Our enterprise cybersecurity strategy was developed by our Information Technology department which reports to our Chief Executive Officer.

An IT Steering Committee has been established and meets regularly to plan the organization's technology direction, monitor progress of initiatives and review risks to the business.

## DATA

84% of our locations are executing information security awareness training with a higher than 80% completion rate. We are actively working with management at the non-compliant locations to improve their completion rate. Our goals are to have 100% of locations completing at 95%.

80% completion rate at over **84%** locations

# INITIATIVES

To appropriately manage cybersecurity risks, our strategy introduces a layered defense model.

- We have defined a thorough set of IT policies, standards, processes, and controls to guide our end users and IT staff.
- To combat cybersecurity risks introduced by humans, we have developed a robust information security awareness training program. New hires are required to complete training within 45 days of their start, and all employees complete on-going training throughout the year. We also conduct cybersecurity campaigns and simulations to evaluate the savviness of our users in identifying and appropriately responding to cybersecurity threats.
- We closely manage our perimeter security to protect both our physical and digital environments.
- We have deployed, and we test, technical solutions to protect and monitor threats to our network, endpoints, applications, and data.
- We perform thorough due diligence of third-party technology providers to confirm their cybersecurity programs align with our expectations.

#### IN THE LAST MONTH, OUR EMAIL GATEWAY AUTOMATICALLY BLOCKED:



**CONTAINED MALWARE** 



#### GUIDED BY ETHICS AND DRIVEN BY GOVERNANCE



A recent phishing campaign resulted in only 1.3% of users clicking the link



Over 50,000 DNS requests flagged as security risk are blocked automatically on any given month





## UNITED NATIONS GLOBAL COMPACT AGREEMENT

The United Nations Global Compact is a pact that encourages businesses worldwide to adopt and maintain sustainable and socially responsible policies, and to report on their implementation.

The UN Global Compact is a principle-based pact for businesses, stating ten principles in the areas of human rights, labor, the environment and anti-corruption.

Under the Global Compact, companies are brought together with United Nation agencies, labor groups and civil society.



Businesses should encourage the

Businesses should undertake

initiatives to promote greater

environmental responsibility.

development and diffusion of

environmentally friendly

**PRINCIPLE 8** 

**PRINCIPLE 7** 

Businesses should support a

precautionary approach to environmental challenges.

PRINCIPLE 9 -

technologies.





#### GUIDED BY ETHICS AND DRIVEN BY GOVERNANCE

## ABC TECHNOLOGIES' COMMITMENT TO THE UN GLOBAL COMPACT



ABC Technologies' intent is to advance these ten principles within the company's sphere of influence. We at ABC Technologies are committed to making the UN Global Compact and its principles part of our business strategy, our corporate culture and integrate the principles into the daily operations. This report fulfills our annual Communication on Progress obligation as required per our commitment to the UNGC.

Businesses should make sure that they are not complicit in human

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Businesses should uphold the elimination of all forms of forced



# **COMMUNITY ENGAGEMENT**

The ABC Technologies' global footprint and workforce provides a wide range of opportunities to serve and positively impact the local communities in which we operate. Our community engagement strategy uses a two-pronged approach, which consists of a global component that focuses on Science, Technology, Engineering and Mathematics ("STEM") and a local component that allows individual facilities to select organizations they wish to support. This blended approach enables ABC Technologies to achieve a coordinated focus at scale while empowering our employees to drive impact at a local level.



Co-op recognition event at ABC Head Office

# UNIVERSITY/ COLLEGE RELATIONS



The attraction and retention of qualified co-op students, interns and new graduates is increasingly important to our success. We partner with post-secondary institutions to hire co-ops/interns for work placements in our corporate and plant environments. More specifically, we hire Industrial Design co-ops (Humber College), Tool & Die, and mechanical apprentices (Sheridan College and Georgian College) as part of a formal apprenticeship program. We regularly hire engineering co-op students (i.e., automotive, mechanical, electrical, mechatronics) from leading engineering schools including: the University of Waterloo, McMaster University, University of Toronto, Ryerson University and the University of Ontario Institute of Technology. A summary of our annual co-op/apprenticeships is outlined below:

Calendar Year

	· ··· ··· ··· ··· ··· ···
2018	12
2019	26
2020	13*

Our goal is to make ABC a place where graduates can grow, develop, and achieve their career goals. We are enhancing our college/university relations' strategy to ensure that we develop targeted, long-term relationships with select schools/ programs who meet the needs of our business. We will measure our progress though our candidate conversion rates (co-op/intern to full-time) and modify/improve our initiatives based on the feedback we receive from participants.

#### COMPETITIONS



ABC Technologies' has been supporting the Industrial Design Program at Humber College for 33 years. Final year students in the bachelor's program compete in teams to develop solutions to real world challenges outlined by ABC as a project for one of their courses. The competition runs for eight-weeks and mentors from ABC meet on a weekly basis for design reviews. Feedback is provided and helps students get real-world industry perspectives. This year the competition was done virtually and was made a success by adapting and persevering through these challenging times.



We also support the Engineering Students' Society at the University of Ontario Institute of Technology by sponsoring their Internal Engineering Competition. This competition allows engineering students to engage in a friendly competition that tests each student's professionalism, entrepreneurship and presentation skills. ABC was privileged to sit on the judging panel for this event.

#### # of Total Co-ops/ Apprenticeships

\*Program impacted by COVID-19

2020 ABC Technologies + Humber College Competition Trophies

#### COMMUNITY ENGAGEMENT



## WOMEN IN ENGINEERING

ABC Technologies started a partnership with the Women in Engineering group at the University of Ontario Institute of Technology to help promote diversity and build our leaders of tomorrow.

The Women in Engineering Society is a non-profit organization within the Faculty of Engineering and Applied

Science. It was created by a female engineering professor and an engineering advisor to address the issue of a lack of female engineers within the faculty. Since its creation, Women in Engineering has grown to include over 100 female engineering students.

In FY20, we provided a sponsorship to the group to help support their activities. We also hosted a fullday event for the students where they got to visit our facilities and learn more about prospective careers in the automotive industry and at ABC Technologies.



International Women's Day 2020



## **CORPORATE LEVEL**

#### Henry Ford Health System

- Every year, the HFHS Detroit Institute of Ophthalmology hosts the EyesOn Design Awards for Design Excellence at the summer North American International Auto Show (NAIAS). Our sponorship covers 2 events, the NAIAS Interior Design of the Year award and several "Best in Class" vehicles. All proceeds go to the HFHS Ophthalmology Department for research and to use Technology to help assist and educate the visually impaired.
- support in the community.

#### Michael J. Fox Foundation

- The Michael J. Fox Foundation is dedicated to finding a cure for Parkinson's disease through an aggressively funded research agenda and to ensuring the development of improved therapies for those living with Parkinson's today.
- a \$10,000 donation.

#### **Oxford Kids Foundation**

• The Oxford Kids Foundation is dedicated to helping children with disabilities, chronic illness, and traumatic injuries have access to therapies and medical care not covered by insurance. We enable

## COMMUNITY INITIATIVES

At the corporate level, the community service committee works directly with the CEO to select and coordinate a wide range of charitable activities. The following examples highlight some of the excellent initiatives our corporate team and plants have achieved over the past year.



• We strongly believe in supporting and donating to critical research and health care initiatives that affect the lives of so many, including those within the ABC family, and made a \$20,000 donation for COVID



• We strongly believe in supporting and donating to these critically important research initiatives and made



## COMMUNITY ENGAGEMENT

these children to receive the therapies they so desperately need but cannot afford. These therapies can help recover these children and give them back the life they deserve. Besides offering these therapies, Oxford Kids conducts scientific studies of complementary therapies at the highest clinical standard. The goal of OKF is nothing less than a complete change in how these wonderful therapies are viewed by, and integrated into, our medical system and insurance industry.

We believe it is important to support children in need in the communities where we conduct business and have made a matching donation with Todd Sheppelman of \$7,500 each contributing a total of \$15,000 as the Foundations Diamond Sponsor.

#### 360 Kids Organization

- The organization began over 30 years ago and has continued to offer programs and support to both families and their children, including homeless and at-risk youth in the York Region of Ontario, Canada.
- The name 360°kids refers to the comprehensive approach that the organization takes to assisting at-risk youth and surrounding them with care, recognizing that these kids need a wide range of supports to help them rebuild their lives.
- ABC has organized several events, including a raffle for premium parking spots and wear jeans to work on Fridays, which raised \$5,000 for the organization.

#### Make-a-wish Foundation

- We believe it is important to support children in need in the communities where we conduct business, including the greater Toronto area and Make-A-Wish across the globe.
- The Make-a-wish Foundation produces a Hospital Activity Book that is designed for sick or injured children ages 4 to 12 who are in-hospital and/or going through medical treatments.
- An editorial advisory panel, including child life specialists, developed the book to ensure activities are not only fun for children, but are specifically designed for professionals to communicate with children about their thoughts, fears, and feelings. The activities range from simple dot to dot coloring to more advanced puzzles. The Hospital Activity Book for Children is distributed to over 1,400 locations across Canada, including hospitals, medical support centers, police departments, and counselling agencies.
- Copies of the publication are provided free of charge to children and professionals in the medical industry.
- ABC purchased two sponsorships totaling over \$3,000 USD and a cross-functional ABC team worked together to design and create an original centerfold activity image for the book.

## PLANT LEVEL LOCAL LEVEL COMMUNITY SERVICE ORGANIZATIONS SUPPORTED BY ABC

At the local level, each facility has a charity committee that is comprised of employees from various functional areas. The committees are responsible for annually selecting two organizations they wish to support and determining how they will be supported, which typically includes monetary donations and volunteer service. We provide our plants with a high degree of flexibility to pursue employee and community initiatives they deem to be most impactful. The following page highlights some of the excellent initiatives our corporate team and plants have achieved over the past year.



360 Kids	AECC Spanish Association against Cancer	Arzte ohne Genze	ASAMIS Local Association for disabled people	Camp
Children are People	Etobicoke Children's Centre	Hazard Analysis Pinball Foundation	Hockey Village India	Home Safe
Jumpstart	Knight Table	McKenzie Health Foundation	Oxford Kids Foundation	Redwood
Ronald McDonald House	Seva Food Bank	Shining Through Centre for Children with Autism	Sick Kids	Stiftung Barenherz
The Back Pack Club	Toys for Tots	Veterans Services	Yellow Brick House	





#### COMMUNITY ENGAGEMENT

# SELECTED PLANT LEVEL HIGHLIGHTS

#### SPAIN

- Plásticos ABC is involved with ASAMIS, an association helping people with intellectual disabilities and their families, by providing support for an annual fundraising walk.
- Every year around Christmas time, employees of Plásticos ABC hold a food drive for Soria Food Bank to support people in need.
- Plásticos ABC provides financial support to the Association Against Cancer.

#### RAMOS, MEXICO

- The plant held a fair in September and employees from each department contributed by selling food to raise money for charity. All earnings from the fair were donated to an organization supporting kids with cancer called Luchando por Angeles pequeños.
- In December, the plant participated in the "Christmas with sense" toys and food drive for the Soldados de Salvación





ABC Ramos "Christmas with Sense" Event, December 2019



# **PLUGGED INTO THE ENVIRONMENT**

ABC Technologies is committed to protecting the environment, fulfilling compliance obligations, and continually improving the Environmental Management System (EMS) to enhance environmental performance. ABC Technologies is committed to environmental protection and stewardship. We recognize that pollution prevention and resource conservation are critical factors of a sustainable environment. All our employees recognize the importance of preserving our natural resources, reducing waste, improving energy efficiency and reducing our carbon emissions. ABC Technologies will continue to educate, train and motivate its employees and suppliers, to carry out tasks in an environmentally responsible manner.



# ENVIRONMENTAL COMPLIANCE

ABC's commitment to environmental compliance is rooted in our environmental policy. The policy contains three pillars: protecting the environment, fulfilling compliance obligations, and continually improving the environmental management system to enhance environmental performance. The global EHS team, which is comprised of 20+ employees, has primary responsibility for fulfilling the obligations of this policy. Additionally, suppliers, contractors, and visitors are subject to the environmental

policy including relevant procedures and objectives for purchasing requirements and the visitor process guidelines.

A company-wide environmental management system (EMS), which achieved ISO-14001 group certification in 2018, is used to systematically maintain environmental compliance requirements across all operations. The EMS is comprised of detailed standards that set forth procedures, responsibilities, communication, training, records, and evaluation

requirements. The system also includes various tools to help manage compliance obligations, including environmental performance evaluations, preventative maintenance (PM) schedules, EMS calendars, and a monitoring and evaluation matrix.

Evaluation of compliance is monitored by each plant and the corporate EHS team through regular audits and status reports. Any major compliance issues identified are reported to top management during the monthly management review meeting.



# ENVIRONMENTAL POLICY



ABC Technologies Inc. is one of the world's leading plastic automotive systems and components manufacturers for the global automotive industry. Management of ABC Technologies is committed to protecting the environment, fulfilling compliance obligations, and continually improving the Environmental Management System (EMS) to enhance environmental performance. To fulfill this obligation, ABC Technologies is dedicated to the following initiatives:

- contractors.

Plant 5 in Ramos, Mexico, utiliizing skylights to bring in natural light during the day

#### ENVIRONMENTAL COMPLIANCE

• Top management is committed to include the consideration of environmental issues in all business strategies and initiatives and ensure that protection of the environment is firmly embedded in the company's culture.

 Prevent and mitigate adverse environmental impacts concerning our activities, products and services.

 Preserve natural resources, reduce solid waste, improve energy efficiency and reduce carbon emissions.

Responsibly manage all aspects of its business to ensure compliance obligations are met.

• Regularly identify objectives for continual improvement; prioritize and implement action plans; monitor and measure progress.

Influence environmental protection among suppliers and

Educate, train, and motivate employees to carry out tasks in an environmentally responsible manner and hold all ABC Technologies employees accountable on a daily basis for upholding the spirit and intent of this Policy and the Environmental Management System. This Policy is communicated to all staff, contractors and suppliers, and available to the public through selected media.

## PLUGGED INTO THE ENVIRONMENT

#### ECO EFFICIENCY



ABC is committed to reducing the environmental footprint of our operations, which is stated in both the environmental and ESG policies, and primarily accomplished through our eco-efficiency program. These efforts are aligned with the company's strategic business imperatives and can deliver significant financial impacts such as reduced operating costs.

Detailed progress of results towards achieving 2020 3% electricity and solid waste reduction goals:



Baseline was 2017



Goal is absolute





**Electricity**: Goal was met in aggregate (3.2% reduction)

Waste: Goal was not met due to production volume growth

#### ECO EFFICIENCY CONTINUED





**Electricity & Waste:** 1% annual reduction for electricity and waste, absolute



Implementation of eco-efficiency reduction initiatives are coordinated at both corporate and site levels to ensure a systematic and customized approach. At the corporate level, the VP of Business Planning manages energy-related risks and opportunities and drives an energy reduction performance meeting with participation from all sites on a monthly basis. At the site level, a company-wide Continual Improvement (CI) center ("ABCi CLUB"), accessible via the company intranet, is used to track and share improvement initiatives. Employees that make CI contributions are recognized during town hall meetings, statement of business meetings, or social events on a regular basis.

#### ENVIRONMENTAL COMPLIANCE

#### New goal moving forward:





#### Facilities:

Includes all Tier 1 Facilities, offices not included

#### Data (2019 Calendar Year)



#### **Emissions:**

- Scope 1: (includes 50% of AIES): 16,783 CO<sub>2</sub>e, metric tonnes
- Scope 2: (includes 50% of AIES): 95,758 CO<sub>2</sub>e, metric tonnes

Fuel and water reduction targets are site-specific and depend on local operating requirements. For example, only the Mexico operations are located in a water stressed region.

## PLUGGED INTO THE ENVIRONMENT



## **ECO-EFFICIENCY CASE STUDIES**

ABC has made significant progress across our operations to systematically improve energy efficiency and waste reduction. The following case studies provide a sample of the many initiatives we have completed that have reduced our energy consumption and waste output and generated impressive cost savings.



# COMPANY WIDE ENERGY REDUCTION CASE STUDIES FOR FY2020





A compressed air assessment at one of our plants in Mexico revealed that the installed capacity was 40% greater than the required consumption. The assessment team hypothesized that reducing the number of air compressors from two to one could reduce operational costs and still effectively meet operating requirements. The team conducted a 2-week feasibility study and confirmed viability of the proposed change. Removal of the unnecessary air compressor resulted in estimated annual energy savings of over \$51,000.



#### ENERGY TREASURE HUNT



In 2018, some of our Mexico plants conducted an energy treasure hunt to identify opportunities for energy efficiency improvements. Five teams were tasked with reviewing designated areas of operations including compressed air, water, motors, electricity, lighting, chilled water, and office areas. To date, 16 of the identified initiatives have been implemented with an estimated annual savings of over \$400,000.

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## COMPANY WIDE ENERGY REDUCTION CASE STUDIES CONT'D

#### MONETIZING GAYLORD CONTAINERS



In the past, empty gaylords from resin shipments were recycled by a third-party provider which bore unnecessary operating costs. The recycled materials market has significantly expanded in recent years as the demand for these materials have increased due to company commitments to improve the sustainability profile of their operations. Increasing competition over these materials have resulted in new opportunities to sell these waste streams thereby converting a cost to a revenue stream. The team identified a packaging company who purchased the gaylord containers and resulted in a net annual revenue of \$5,000.



## **GREENING THE OPERATIONS**



ABC is committed to continuously evaluating all areas of operations to improve sustainability performance. To that end, ABC will be launching a program to conduct Sustainability Workshops using the combined efforts of the corporate EHS & Continuous Improvement team and facility specific representatives. A Sustainability Workshop's main objective is to review and analyze a facility's end-to-end operational procedures to identify opportunities that improve sustainability and contribute to energy and waste reduction targets. Initiatives can include, but are not limited to, skid recycling programs, facility energy efficiency programs, landfill diversion programs, and employee sustainability training programs.

effectiveness.

#### **CDP SUMMARY**



ABC has been participating in the CDP (Carbon Disclosure Project) reporting process since 2013 in alignment with our customer's expectations. The information reported provides an overview of our strategy and initiatives to manage various physical and transition climate related risks and opportunities. This includes progress we have made to improve the energy efficiency of our operations and reduce our carbon footprint. Additionally, in 2018 ABC provided additional information regarding its carbon emissions and water consumption.







In the beginning of 2020, ABC's corporate EHS team was in the process of facilitating two novel environmental projects in honor of Earth Week: Creating a pollinator garden and organizing a Community Clean-Up Day. The Pollinator Garden was to be planted by ABC volunteers and would include native plants that encourage species like bees, birds and butterflies to pollinate. Community Clean-Up Day is an annual city-wide voluntary clean-up of litter and the outcome of the cleanup is a cleaner, greener environment.

These events were unfortunately cancelled due to ABC's COVID-19 response and will be revaluated in 2021.

## SUSTAINABILITY WORKSHOPS

Due to COVID-19 workplace travel restrictions, the Sustainability Workshops have been delayed until CY2021. Alternative methods such as virtual workshops are being reviewed for applicability and

#### **ONSITE ENVIRONMENTAL ENHANCEMENT PROJECTS**

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