

PREMIUM
PLATED &
PAINTED
PRODUCTS



A *Kuntz* company



SUSTAINABILITY REPORT

2020

Kuntz Electroplating Inc. (KEI)

Corporate Governance

“For KEI sustainability is about making a commitment. It’s a commitment to the environment that we will endeavour to reduce our manufacturing footprint and help conserve and preserve wherever possible. It’s a commitment to our neighbours and our community that we care about them, the land we share, the air that we breathe, the water that we drink, and the resources we use. It’s a commitment to our employees and our customers that we will continue to embrace sustainable thinking as a means to improving our business, while recognizing and balancing the needs of growth and profitability, environmental integrity and social equality”.

—Michael Kuntz, Executive Vice President Kuntz, Electroplating Inc. (KEI)

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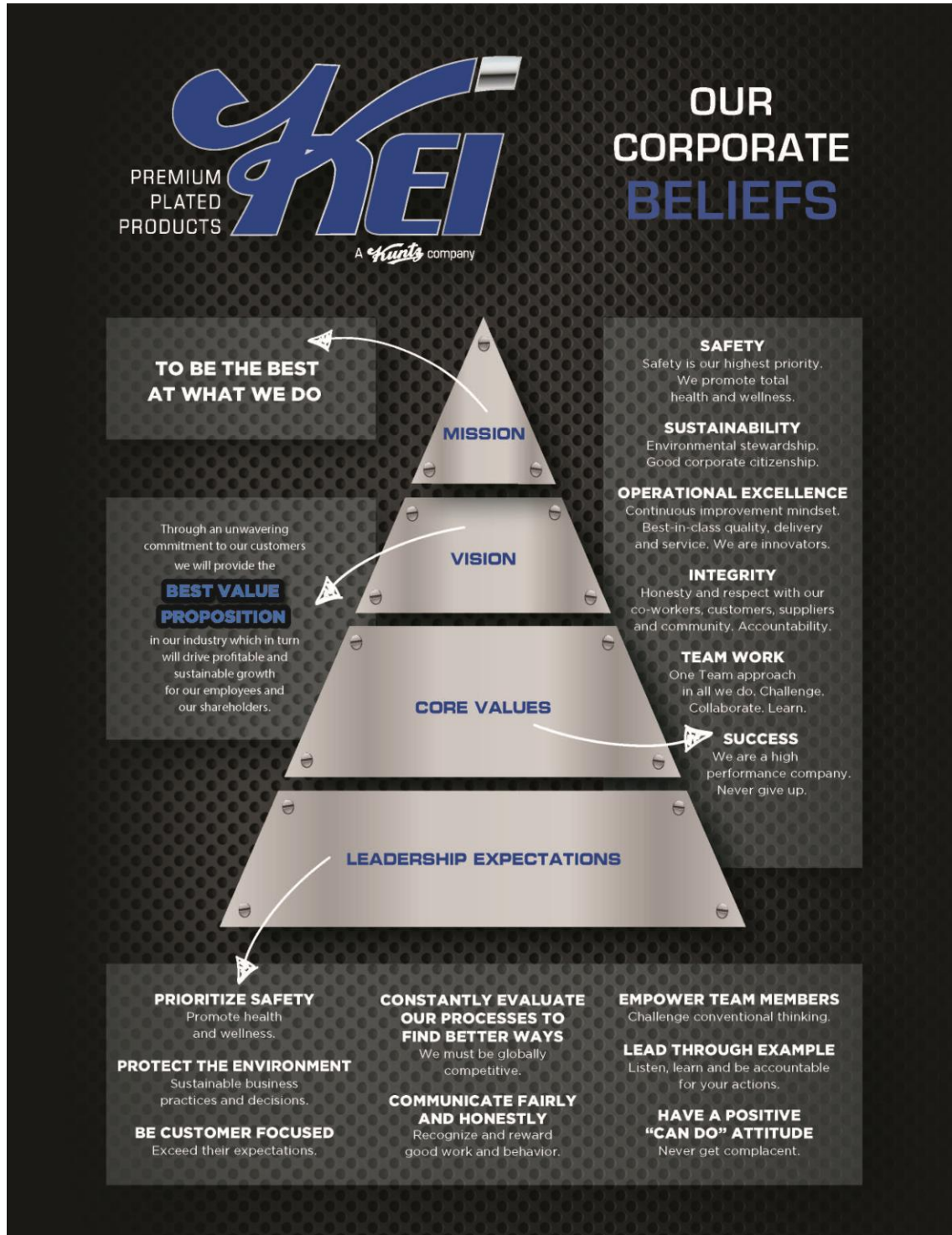
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Figure 1

Corporate Beliefs



Sustainability & Quality Policy

Kuntz Electroplating Inc. (KEI) is one of North America's largest and most advanced suppliers of premium plated and painted interior and exterior components for original equipment manufacturers.

As a responsible corporation we are committed to sustainability and operational excellence by

- Protecting human health and the environment;
- Setting quality and environmental objectives and targets;
- The prevention of pollution;
- Fulfilling our compliance obligations;
- Being customer focused;
- Meeting or exceeding our customer requirements through best-in-class quality, delivery and service; and
- Continuously evaluating and improving our processes and services.

In this regard, we have implemented and maintain Quality and Environmental Management systems in which we strive to

- Foster awareness through education and training;
- Improve the socio-economics of our business;
- Integrate sustainable development into our operations;
- Conserve natural resources, and support their sustainable use;
- Reduce the use of toxic substances and the generation of wastes; and
- Promote strategies to reduce, reuse and recycle across all business activities where possible

The joint efforts of the employees, supervisors, management, contractors, customers, suppliers, and visitors at KEI ensure in the measurable success of the quality and environmental management systems.

Employee Wellness



KEI's first priority remains the safety and wellbeing of its employees. We believe that *“wellness is about adding years to life and life to years.”* Through the efforts of our Wellness Committee (with members from Senior Management, Supervisory and hourly employees) we continue to focus on the six dimensions (through group and/or individual activities)) on each aspect of our Wellness Wheel - Physical, Social/Sustainability, Nutritional,

Psychological/Emotional, Intellectual, and Spiritual. Employees have the opportunity to get involved and win prizes throughout the year. In 2020, with the emergence of COVID-19 the focus of our employee wellness program was ensuring a safe working environment by monitoring public health recommendations for screening, social distancing, wearing face coverings, and improving cleaning programs to ensure that high touch surfaces are cleaned and being disinfected to ensure that the workplace would remain safe. Furthermore, due to public health restrictions for large gatherings, we moved in-person meetings to online platforms such as Zoom. This allowed us to continue with our employee engagement strategies as employee participation and feedback is an important aspect of our day-to-day operations.



Charitable Contributions

KEI and its employees believe in supporting the community. Since 1983, KEI employees have supported our local United Way and in 2012, we partnered with Canadian Blood Services in the Partners for Life program which is a nationwide program designed for corporate and community organizations for donating blood, platelets, and plasma. By joining this program KEI has committed to saving lives through blood donations as a team. KEI donated to various local initiatives in 2020 including St. Mary's hospital, Kids Ability, and to Hospice Waterloo Region.

Due to public health restrictions ongoing throughout 2020 as a result of COVID-19 we were not able to engage in-person to charitable events in the same manner as in past years. Instead, we engaged in activities such as food trucks and draws like the “12 Days of Christmas” where a charitable donation was made to a charity of the winning employee’s choice, and the employee received a gift card. Furthermore, in place of our annual Christmas party event, we held a draw for 5 big screen TVs. Congratulations to all the winners!

Sustainable Development Goals (SDGs)

The Sustainable Development Goals seek to address some of the world’s biggest challenges such as ending poverty and hunger in all its form everywhere. Governments are responsible for prioritizing and implementing approaches that will meet the SDGs. However, these approaches require collaboration from businesses as well as civil society. The SDGs are relevant to our business and in 2020, through our COVID-19 response actions to keep our employees safe in the workplace and our ongoing education and training programs (CEF, Powder Coating specialists and skilled trades) we continue to support improvements that are helping achieve SDG #3 Good Health and Wellbeing, SDG #4 Quality Education and SDG #8 Decent Work and Economic Growth (see Figure 2). As part of our Corporate Beliefs, and long established history in the community, we will continue to support local initiatives that help improve opportunities for our employee’s and members of our community.

Figure 2.

Sustainable Development Goals (United Nations, n.d.)



Business Growth and Opportunities

During 2020, KEI, like most businesses in Canada, experienced business closures due to supply chain interruptions as a result of COVID-19. With the business re-opening, KEI continues to provide high employment (see Figure 2) and contributes to economic growth through strategic planning such that they can continue to grow and expand their business opportunities. We focused our efforts in the areas of employee engagement and improving in operational efficiencies across all areas of our business operations, using our established Key Performance Indicators (KPIs) to focus on activities with the highest reject rates. Given that we have a great trans-disciplinary team of experts, we have been able to successfully navigate all the required changes and thus make business improvements, which include successfully implementing **IATF 16949:2016**.

Compliance Obligations

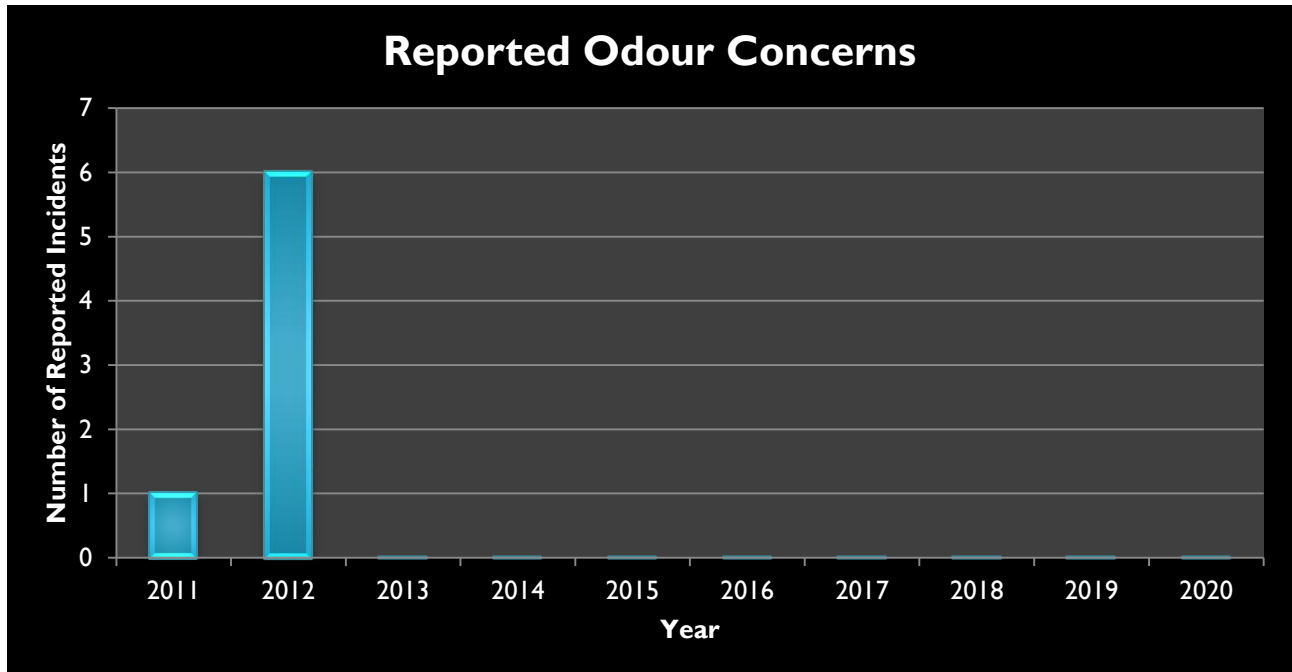
KEI is committed to their compliance obligations both federally and provincially. As such, community members have access to public information through different regulatory reporting portals such as The *National Pollutant Release Inventory* (NPRI), Canada's legislated publicly accessible inventory of pollutant releases (to air, water and land), disposals and transfers for recycling. KEI's NPRI reports can be accessed on the Environment Canada's [NPRI](#) website. KEI also provides an annual summary of [toxic substance accounting](#) under The *Toxics Reduction Act, 2009* whose purpose is to prevent pollution and protect public health and the environment by reducing the use and creation of toxic substances and to inform Ontarian's about toxic substances.

Environmental Compliance Approval (ECA)

As part of KEI's ECA consideration has to be given not only to the emissions from our tall stacks, but also odors. Over the years, KEI has invested significantly in infrastructure and process changes to improve air quality and eliminate offensive odors that would cause discomfort to any member of our community. As such, we have a robust maintenance program that supports our ECA compliance requirements. As a result of our committed efforts to our compliance obligations, KEI has no odor complaints on record since 2012, see Figure 3.

Figure 3

Reported Odour Concerns (KEI, 2020)



Community awareness

KEI informs the community on surface finishing and their plans to be a sustainable business through our Reflections Newsletter, public speaking engagements, the KW Chamber of Commerce, sustainability groups and plant tours. The ‘audience’ is provided the history of the organization; our Corporate Beliefs and Core Values; details of our business activities; what the basic electroplating process entails; an introduction to our auxiliary support processes, and an overview of our compliance obligations. More information about KEI can be found at www.kuntz.com.

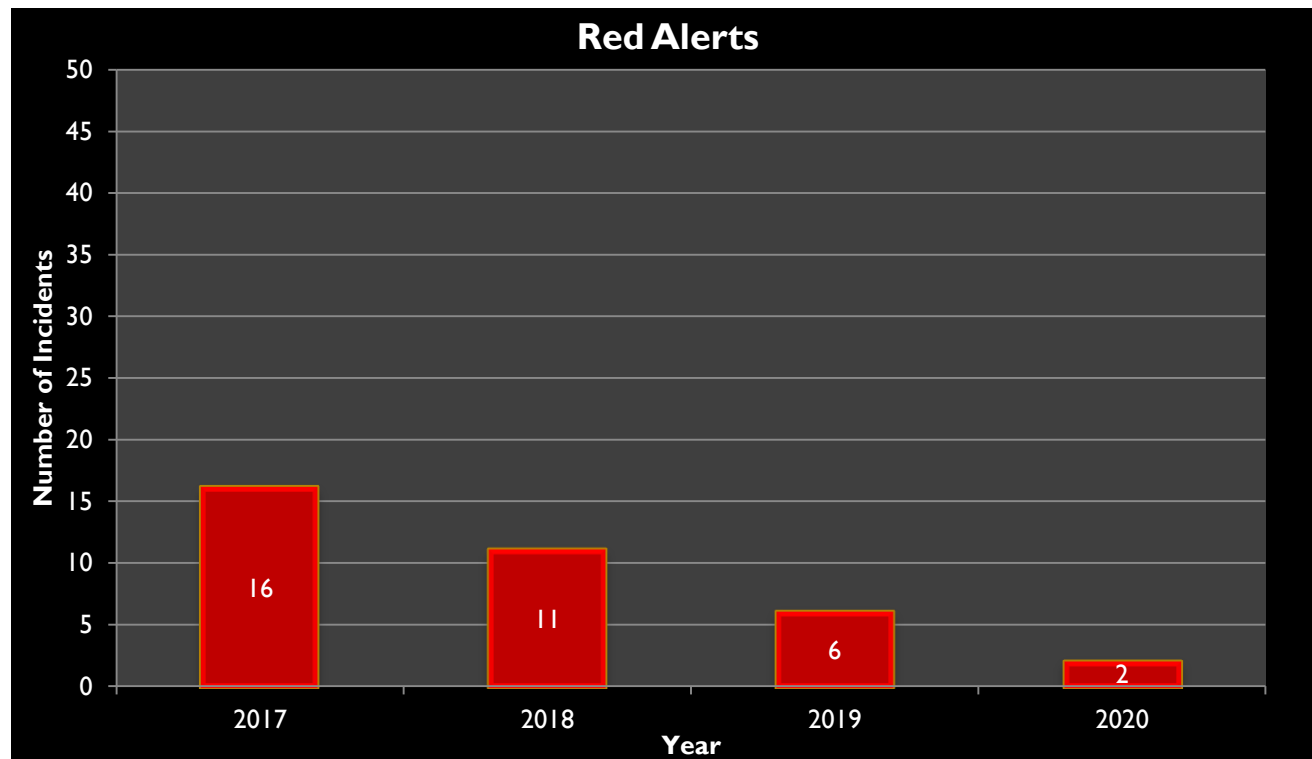
Emergency Preparedness and response

Due to the nature of KEI business activities and compliance obligations, we have an Emergency Response Plan that contains policies and procedures on how to deal with different types of emergency situations at our facility. Our Corporate Belief is to protect the environment through sustainable business decisions and practices in all aspects of business activities. In support of KEI’s commitment to Environmental Stewardship, KEI has a fully trained Emergency Response Team (ERT) who deals with emergency situations that may arise from our day-to-day operations, which includes, but is not

limited to: red alerts, chemical alerts, medical alerts, power outages and violence in the workplace. KEIs ERT meet on a monthly basis to review safety concerns, past events, and to do training in the areas of Communication, Risk Management, Mental Health First Aid and Awareness, First Aid/CPR and Spills Management. In the event of an environmental emergency, KEI will make the public aware in accordance with their Communication Policy and Procedure. Furthermore, KEIs 444 Occurrence Review committee reviews the alerts, proposes actions for improvements. As a result of KEIs actions to reduce fire related events, there is a decrease in RED alerts, see Figure 4.

Figure 4

RED Alerts (KEI, 2020)



Water Savings and Reductions

Surface finishing is a commodity heavy process that requires the use of water. As such, KEI strives to be efficient and make reductions in our water usage, where possible. Throughout 2020, nickel recovery ion-exchange systems brought back online following the COVID plant closure to reduce the amount of water being used for our nickel plating processes. The benefit to this water saving strategy is that we were able to reclaim 185

kg/day/running board line of nickel sulfate (liquid form), which is then returned back into the nickel plating process. This process improvement in 2020 increases the water savings by another 6 USGPM along with the nickel sulfate that will be used the plating line.

Energy Management

Since 2009 KEI has been a [CIPEC](#) Leader, and have worked to improve energy usage throughout the facility through program initiatives such as facility re-lamping, procurement of energy efficient rated (EER) equipment, installation where possible of variable frequency drives (VFD's). We have an embedded energy management team (EnMT) that monitors the procurement and use of commodities throughout the facility. EnMT continues to be an integral part of our sustainability

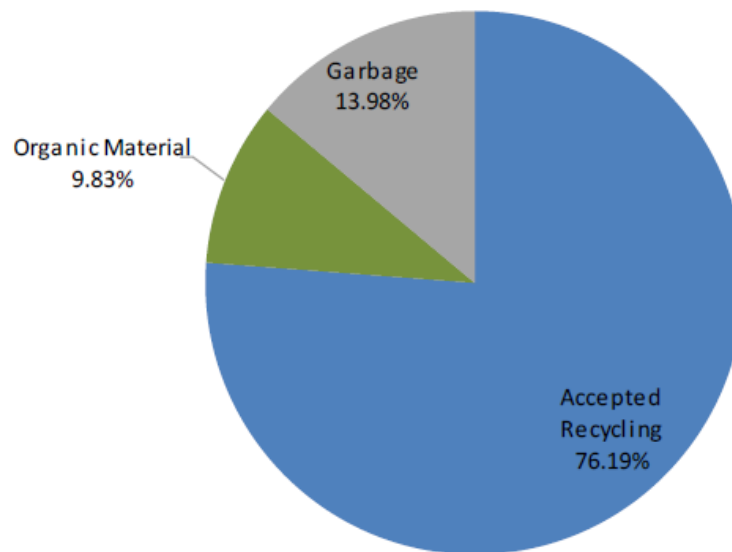
Energy Improvements

In 2020, we continued to purchase energy efficient HVAC system(s) where possible. Through project work, KEI installed air handling equipment in our Powder Coating department with energy improvements built into the design. This included programming for optimal equipment operation during periods of production, and winding down/shutting off equipment when the production cycles ends. Furthermore, we continue to install variable frequency drives as well as replacing fluorescent light fixtures with LED light fixtures. As well, we are testing LED light fixtures with dimmers in key production areas. We continue to look at opportunities for improvement in our energy usage. Our EnMT continues to look where improved energy monitoring points and equipment upgrades (e.g. rectifiers) can be implemented, thus reducing our energy usage.

Investing in Diversion Programs

In 2017, KEI established a 20% diversion rate over a 10 year period with the aim to improve existing programs efficiencies 1-2% per year to reduce Blue Box type materials going to landfill. This is being achieved through our very successful, in-plant collection process and large scale recycling program for various mixed metals generated from maintenance and repairs, and off-specification process materials. Through this program all materials are sorted and sent out to be recycled as much as possible. As shown in Figure 5, KEI recycling composition rate is 76.19%, with a garbage rate of 13.98% and organics at 9.83%. KEI will continue to improve on the collection of blue box materials into the proper collection containers.

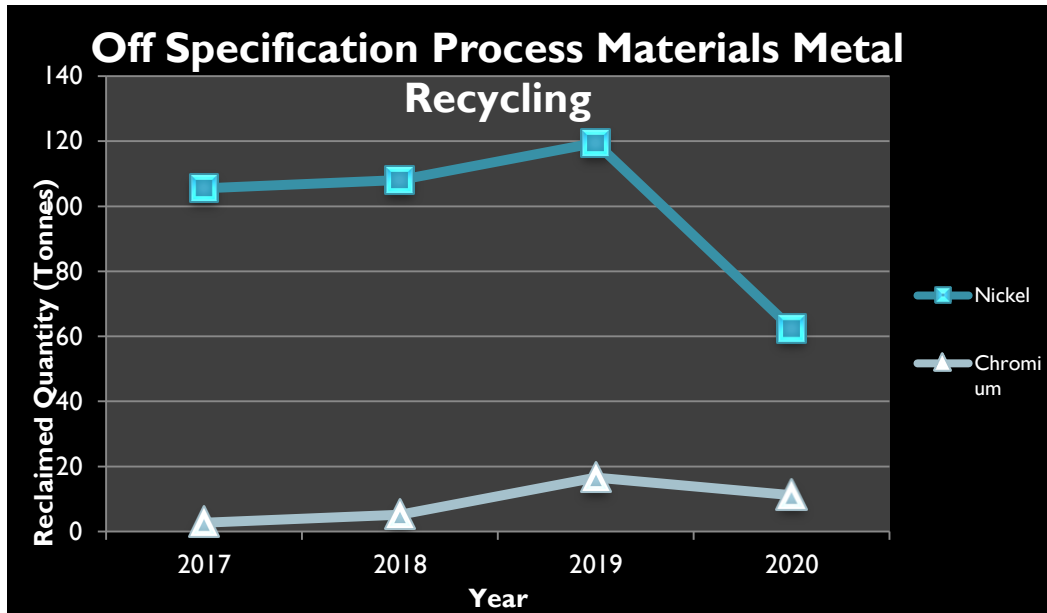
Figure 5
Recycling Composition Profile (AET, 2021)



In addition, our objective from off specification process materials is to reclaim and recycle as much as we can. In 2020, we were able to return 62.42 tonnes of nickel metal (48% less) to the refinery to be reclaimed, and 11.16 tonnes of chromium (32% less) went to the recycler to be used in stainless steel production, see Figure 6. Our recycling volumes are down from the previously reported year due to COVID-19.

Figure 6

Off Specification Process Materials Metal Recycling (KEI, 2020)



Battery Recycling

Industrial batteries collected through KEI's facility wide recycling program are put through a clean and safe recycling program, see **Appendix A** which recycles the lead, plastic, and electrolytic components, and creates 'new' (recycled) batteries. In 2020, KEI recycled 340 kg of automotive and mixed batteries.

Sustainable Packaging/Incoming products

We work with our customers and suppliers where we can to use sustainable packaging and recyclable materials. As a Tier 2 supplier we are not able to ask for changes in the substrate materials. We use returnable packaging as much as we can, and in instances where non-returnable packaging is required, recyclable grade materials is used with a blend ratio of 95%: 5%. The inventory for non-returnable packaging is kept to the lowest quantity possible.

Industry Association

KEI and individuals from the Management Team are active members with the [Canadian Association for Surface Finishers \(CASF\)](#). CASF is a volunteer based organization that relies on participation and experience of finishers, suppliers, and decision-makers within the finishing industry. CASF is the principal surface finishing industry association in Canada established to keep suppliers, professional service providers and individuals connected, educated and represented at all levels of government. CASF's goal is to provide a unified voice and to promote the surface finishing sector in Canada. The association works with industry, suppliers, and government agencies to establish an open forum for dialogue for matters that will affect the surface finishing industry.

As an active CASF member, our team attends Lunch & Learns and educational events to help members keep abreast of new and/or amended compliance obligations, educational opportunities and other sector specific changes or requirements. We actively engage at a high level with the government on policy decisions and tools and instruments to help achieve compliance strategies that meet the government and industry requirements. Our most active initiatives continue to be on proposed changes to the Canadian Environmental Protection Act, 1999, chemicals management, emissions reporting (NPRI and GHG) the EPS (Ontario carbon program) and Metal Finishers Industry Standard.

Regional Sustainability Initiative

In 2016, with the help and support of the Regional Sustainability Initiative group, we developed a 10 year reduction target to monitor our GHG emissions. We chose an intensity based metric to help monitor our performance due to forecasted business growth. As a [Bronze Pledging Partner](#), we have successfully achieved 117 tonnes CO_{2e} GHG absolute reduction in GHG emissions, see Figure 7.

Figure 7.

GHG Reduction (personal communication, Sustainable Waterloo Region, May 17, 2021)

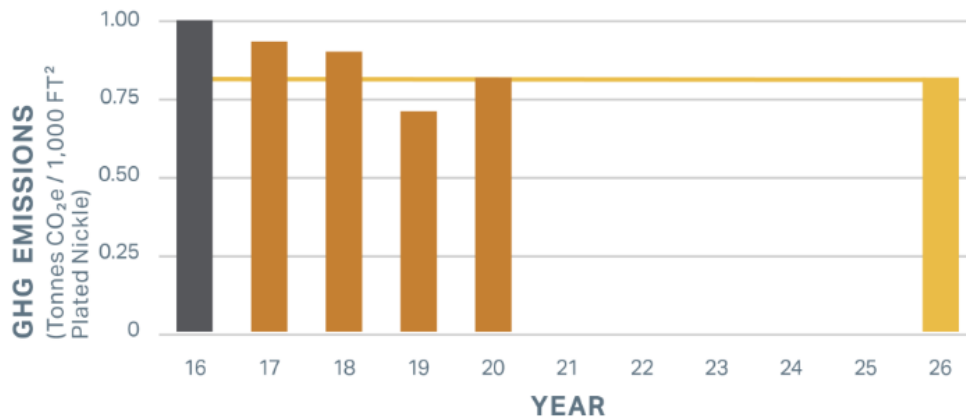


BRONZE

**GHG
REDUCTION TARGET
(INTENSITY)**

**20%
BY 2026**

Absolute reduction to date:
117 TONNES CO₂e



SCOPE 3 REPORTING
Waste, Water

As a Regional Sustainability Initiative member we are part of the [Green Economy Hub](#), who has helped us set and achieve our Sustainability targets. As part of our commitment, KEI is part of a collective group reducing their GHG emissions in Ontario. We continue to evaluate our data and work collaboratively with our associations (CASF, CME, & SWR) and our industry affiliations (KW Hydro) to identify opportunities to continuously improve existing systems where and when possible; plus we continue to purchase state-of-the-art equipment that helps to reduce our carbon footprint.

Education and Training

KEI believes in the skills, training and knowledge of its current employee base; and supports continuing education for its employees. We offer the following opportunities for our employees as examples: apprenticeship program for Millwrights and Electricians, [Certified Electroplater Finisher \(CEF\)](#), and GED training. In 2020, because of the COVID-19 pandemic, KEI's focus was on ensuring all persons working at or attending to our facility were meeting public health recommendations. We successfully moved from in-person training sessions, to online training using online platforms such as Zoom. We created training videos to ensure ongoing education and training until we are able to return to in-person learning events.

KEI strongly supports continuous learning for any person as it pertains to their job. This includes attendance at workshops, seminars, completion of online courses, or attendance/e-learning through secondary educational institutes. We work with the Ontario Colleges of Trades to successfully train employees as millwrights and electricians. Supporting apprenticeship programs offers employees real-life hands on training. The benefit to KEI in having highly skilled staff, allows for real time troubleshooting and problem solving capabilities, which means that we are able to address process related concerns in a timely manner.

Continuous Improvement

Operational excellence and our commitment to continually improve are Core Values of KEI, such that we continued to have measurable successes in 2020 with our “*sustainable*” initiatives. The efforts of our team will continue as we make improvements in the following areas:

- Continue to support the community through charitable contributions
- Continue to support the community through high school and college and/or university students coop placement opportunities, where possible
- Continue to provide KEI employees access to education and training in support of their job duties and responsibilities with the aim for them to grow and learn

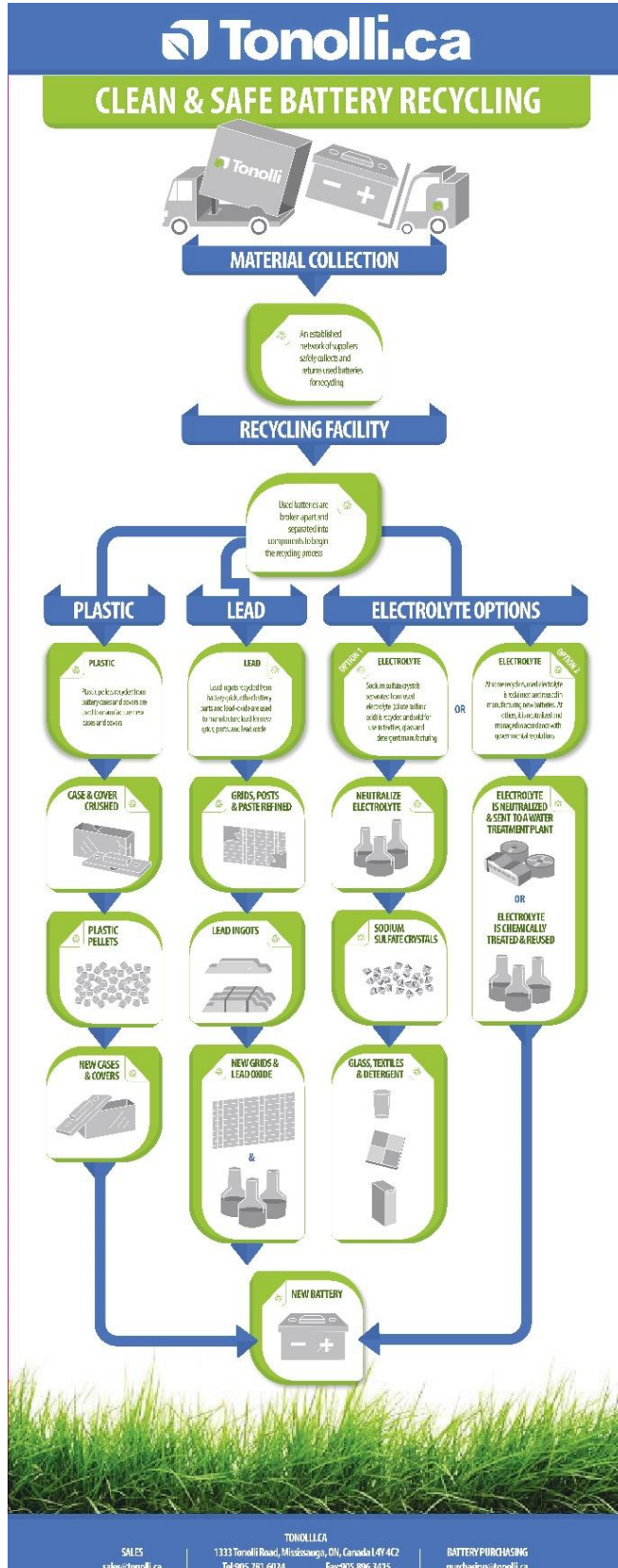
- Continue to discuss and where possible, align annual sustainability program initiatives with KEIs Wellness Program and with the UN Sustainable Development Goals and Targets with the aim to provide global awareness on KEIs commitments to being sustainable
- Continue to work with our interested parties in the area of commodity usage and reductions
- Continue to be innovative and evaluate technologies that will improve our business practices and processes resulting in improved usage of incoming raw materials and reduction of waste
- Continue to evaluate our waste streams and identify additional streams for elimination, reduction, and/or diversion

In summary, Sustainability is one of KEIs Core Values and is supported by our Sustainability Policy.



We are fully engaged to protect the environment and to identify new innovations or technologies that will support our continual improvement initiatives in all environmental areas so we can be more sustainable in all our business practices. We work collaboratively with local utility companies, haulers, suppliers, and our customer base to identify additional opportunities in the areas of energy efficiency, resource recovery, and resource diversion as examples.

APPENDIX A



REFERENCES

United Nations. (n.d.). *Sustainable development goals: Communication materials*.
www.un.org/sustainabledevelopment/news/communications-material/