



SUSTAINABILITY REPORT

2015

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”.

-Mike Kuntz, Vice President – Sales & Marketing, Kuntz Electroplating Inc.

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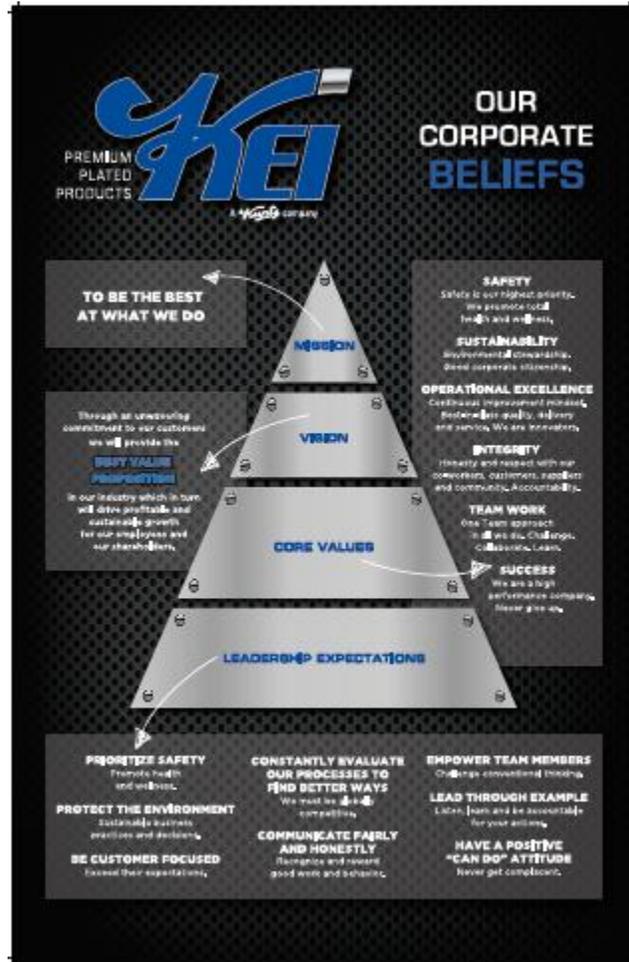
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CORPORATE BELIEFS



SUSTAINABILITY POLICY

Kuntz Electroplating Inc. (KEI) is North America's largest and most advanced supplier of premium plated and painted interior and exterior components for original equipment manufacturers (OEM's). As a responsible corporation we are committed to sustainable development, protecting human health, preservation of natural resources, and the environment through sound business practices.

In this regard, KEI has implemented and maintains an environmental management system (EMS) through which KEI strives to:

- 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 to promote strategies to reuse and recycle those wastes that cannot be avoided
- Reduce energy usage, and our carbon footprint
- Purchase renewable, reusable, recyclable and recycled materials, where applicable
- Foster environmental awareness through education and training
- Minimize environmental risks by managing our environmental programs to address the objectives and targets as set out by Senior Management

Furthermore, KEI is committed to:

- Continuous improvement and the prevention of pollution; and
- Complying with all applicable environmental legislation and other related requirements, as it relates to KEI's operations.

At KEI, the employees, supervisors, management, contractors, customers, suppliers, and visitors share an equal responsibility in KEI's sustainable development – environmentally, socially, and economically. Our joint efforts will help in the continuous improvement of our operations and help us achieve measurable success.

WELLNESS/TOTAL HEALTH AT KEI



KEI's first priority is the safety and wellbeing of employees. In 2014 and 2015, KEI received [Waterloo Region's Healthy Workplace Platinum Award](#) in recognition of our commitment to improving the health of our 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 established a Wellness Program called *Passport to Wellness* which includes six (2 month promotions (through group and/or individual activities)) on each aspect of our Wellness Wheel - Physical, Social/Sustainability, Psychological/Emotional, Intellectual, Nutritional, and Spiritual. Employees have the opportunity to win prizes and earn dollars towards their health spending account. For 2015, employees who participated fully in all 6 promotions were entered to win the grand prize which was a \$5000 travel voucher and extra week of vacation! Overall 76 employees participated in wellness initiatives which included activities such as Health Risk Assessments, donating books to a Company library, lunch and learns as examples.



COMPLIANCE OBLIGATIONS

Starting in 2012, a major initiative to improve air quality and odour was kicked-off. Working closely with the Ministry of Environment and Climate Change (MOECC) KEI's goal was to further reduce air emissions and odour from the facility, and improve internal air quality within the next 4 years. Significant investments have been made through the purchase and installation of a state of the art NO_x scrubber, major rezoning and air balancing initiatives within the facility, the installation of a two new state-of-the-art, energy efficient, mechanical pressurization systems; continued re-zoning and air balancing of the main production facility.



The state-of-the-art, energy efficient mechanical pressurization systems replaced existing mechanical exhaust systems used for heat rejection from auxiliary equipment rooms. These systems have a built in heat recovery systems to reclaim the heat generated from the equipment during the cold weather months, and returns the heat back into the space, and the production facility to maintain the desired zone temperature and pressure.

The main production facility has been zoned into multiple areas through the installation of walls and roll-up doors to help reduce/eliminate the potential for over pressurization from the wind/air currents when the doors open thus increasing the potential for fugitive odours to be released from the facility. Furthermore, our continued efforts to improve air quality and odour are supported through the removal of sources where possible, through process and/or equipment improvements, and the addition of new scrubber systems.

ENVIRONMENTAL REPORTING

KEI is committed to their environmental reporting both federally and provincially. The *National Pollutant Release Inventory* (NPRI) is Canada's legislated publicly accessible inventory of pollutant releases (to air, water and land), disposals and transfers for recycling. NPRI falls under the authority of the Canadian Environmental Protection Act (CEPA, 1999). KEI's NPRI reports can be accessed on the Environment Canada's [NPRI](#) website. KEI 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.

CHARITABLE CONTRIBUTIONS

KEI employees believe in giving back to the community by supporting charitable organizations such as *United Way of Kitchener-Waterloo and Area, Salvation Army and 570 News-Santa Anonymous Toy Drive*, as examples. Since 1983, KEI employees have made donations to our local *United Way*. Every fall, our employees continue to support our local Salvation Army *Share the Warmth* winter coat drive to ensure people of all ages are attired properly for the cold weather months; plus toys are donated each Christmas Season to the *570 News - Annual Santa Toy Drive* to ensure "all children throughout the community will have a present to open at Christmas"

KEI continues to partner 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.

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. The EnMT is an integral part of our Sustainability Team. In 2015 we participated in an energy efficiency roundtable discussion on how we are making conservation efforts pay off, the results of which are published in the February 2016 edition of [Canadian Metalworking](#) magazine, pg 79-85; furthermore our energy conservation efforts continue to be recognized by saveONenergy and Kitchener-Wilmot Hydro, see Figure 1.



Figure 1 Certificate of Recognition Energy Conservation

ENERGY IMPROVEMENTS

In 2015, we continued to purchase energy efficient HVAC system(s) where possible. Through project work, KEI installed additional EER rated HVAC equipment Continued energy improvements through the installation of additional Variable Frequency Drives (VFDs) on

production equipment and auxiliary equipment where possible; and through ventilation changes and upgrades.



INVESTING IN WASTE REDUCTIONS & RECYCLING PROGRAMS

KEI’s recycling program initiatives objectives are to (i) divert/reduce as much materials going to landfill (ii) reduce the use of materials, as much as possible. On an annual basis KEI performs an audit of the materials being collected for disposal to assess waste reduction and diversion effectiveness. In 2015, we reduced our total waste stream going to landfill by 26% and maintained a 23% diversion rate, see Figure 2. These improvements are as a result of strategies to eliminate materials that have no material value to KEI or others such as Styrofoam drink and food containers as an example; the expansion of the organics program on a facility wide basis and the continued success of facility wide metals recycling program. Through the metal recycling program, 467,587 kg of various metals was diverted from landfill; 95,861 kg of nickel metal was returned to the refinery to be reclaimed, 2,524 kg of chromium was sent to the recycler to be used in stainless steel production.

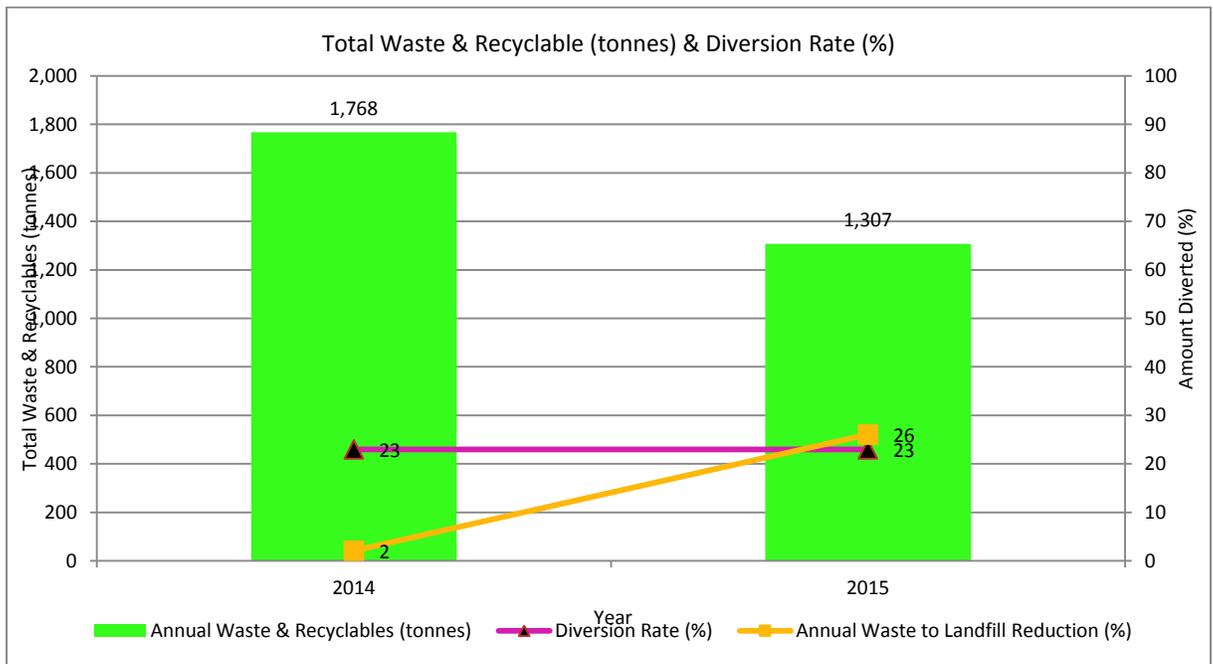


Figure 2 - Total Waste, Recyclable Materials & Diversion Rates



FACILITY LIGHTING/BULB RECYCLING

KEI recycling efforts continued throughout 2015, spent bulbs, fixtures and ballasts from facility lighting were sent off site to be recycled, see Figure 3. In total 1,128 bulbs were recycled thus diverting 267.7 kg of glass, 0.00417 kg mercury, 3.81 kg phosphor, 2.93 kg plastic, 0.09 kg porcelain and 3.95 kg metals away from landfill



Figure 3 Bulb Recycling Summary

BATTERY RECYCLING

Industrial batteries collected through KEIs 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.

ORGANICS RECYCLING

The organics diversion program has been in place since 2012. The focus in 2015 was on making improvements to the recycling stations throughout the facility and adding more collection containers. The Waste Management team has been and continues to work with our internal and external housekeeping staff to ensure proper collection and movement of the recyclable waste streams. There were improvements in the diversion rate due to the efforts of all the employees using the new collection containers throughout the facility and to those that administer the program.

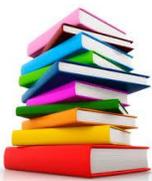
SUSTAINABLE PACKAGING/INCOMING PRODUCTS

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 ration of 95%: 5 %. The inventory for non-returnable packaging is kept to the lowest quantity possible.

INDUSTRY ASSOCIATION

KEI is an active member 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 for the surface finishing sector in Canada. CASF 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 attended the second [CASF Conference –Trends Affecting the Surface Finishing Industry](#) to keep abreast of new and/or amended compliance obligations and other sector specific changes or requirements. Furthermore throughout 2011 to 2016, CASF worked closely with the MOECC on the development of a *Metal Finishers - Industry Standard*. This is a new compliance pathway (since 2009) allowed in Ontario under *Regulation 419/05*; plus we are actively engaged high level in the National Pollutant Release Inventory (NPRI) consultation process.

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. We support 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. KEI successfully trains employees in the millwright and electrical apprenticeship programs when there is a job opportunity available. These educational opportunities allows the employees to better

themselves by continuing their education, and offers KEI more advanced auxiliary support because the employees are familiar with KEI business activities and processes; and the layout of the facility.

KEI also supports the community by providing work terms for college and high school students in the following area(s), as examples: AutoCAD, computer programming, environmental & engineering, nursing, electrical and millwright. The work term provides the students with valuable work experience, and helps them make an educated decision for the career pathway they are considering; plus it helps them to be competitive in the marketplace.

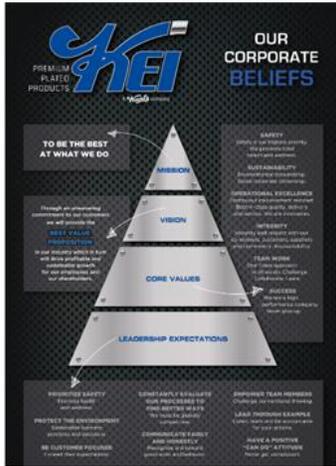


CONTINUOUS IMPROVEMENT

One of our main objectives is to continually improve and we saw measurable successes in 2015 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 where possible.
- Continue to support the community through continued efforts to provide high school and college and/or university students coop placement opportunities, where possible.
- Continue to work with our local utility representatives in the area of energy usage, energy efficiency and energy reduction strategies.
- Continue to evaluate different technologies to reduce water usage.
- Conduct R&D to confirm boiler efficiencies and establish a baseline for the current operations, and to make improvements from the collected data where possible.
- Continue to evaluate technologies that will improve a process that results in a reduction of incoming raw materials, resources depletion, and/or generation of waste
- Continue to evaluate technology to reduce “contaminates” from the facility as defined under the ON Environmental Protection Act.
- Continue to reduce energy usage through continued re-lamping efforts, purchase and installation of energy efficient equipment, and through the installation/retro fit with VFD controls where possible.
- Continue to evaluate our waste streams and identify additional streams for elimination, reduction, and/or diversion.
- Continue to improve our recycling efforts.
- Continue to evaluate technologies in strategic areas that will further reduce/improve the overall business activities as they relate to the environment.

In summary, Sustainability is one of KEI's Core Values and is supported by our Sustainability Policy.



Sustainability is **ONE** of KEI's Core Values



KEI's **Sustainability Policy** in short demonstrates commitment to:

- Health, Safety and Wellness of their employees and the environment
- Regulatory Compliance
- Continual Improvement
- Prevention of Pollution
- Conservation of natural resources
- Reducing their overall carbon footprint



- **REGULATORY COMPLIANCE – AIR, WATER, LAND & ODOUR**
- NATURAL RESOURCE CONSERVATION INITIATIVES
- WATER CONSERVATION INITIATIVES
- REDUCTIONS OF WASTE TO LANDFILL
- LANDFILL DIVERSION PROGRAMS

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.

The Sustainability Team

APPENDIX A

