



SUSTAINABILITY REPORT

2016

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)

Contents

CORPORATE GOVERNANCE..... 1

CORPORATE BELIEFS..... 3

SUSTAINABILITY & QUALITY POLICY 4

WELLNESS/TOTAL HEALTH AT KEI..... 5

COMPLIANCE OBLIGATIONS 5

SUSTAINABLE WATERLOO..... 6

ENVIRONMENTAL REPORTING..... 6

CHARITABLE CONTRIBUTIONS 6

ENERGY MANAGEMENT 7

ENERGY IMPROVEMENTS 7

INVESTING IN WASTE REDUCTIONS & RECYCLING PROGRAMS..... 8

FACILITY LIGHTING/BULB RECYCLING 8

BATTERY RECYCLING 9

ORGANICS RECYCLING..... 9

SUSTAINABLE PACKAGING/INCOMING PRODUCTS..... 9

INDUSTRY ASSOCIATION 9

EDUCATION AND TRAINING..... 10

CONTINUOUS IMPROVEMENT..... 11

APPENDIX A 13

CORPORATE BELIEFS



OUR 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.

WELLNESS/TOTAL HEALTH AT KEI



KEI's first priority is the safety and wellbeing of employees. In 2016, KEI received [Waterloo Region's Healthy Workplace Innovator 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 dimensions (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 2016, employees who participated fully in all 6 promotions were entered to win the grand prize(s) which included a \$2500 travel voucher and extra week of vacation, a \$1000 travel gift voucher and two \$500 gift cards! Overall over 80 employees participated in wellness initiatives which included activities such as Health Risk Assessments, attending lunch and learns and other onsite wellness events.



COMPLIANCE OBLIGATIONS

In July 2016, the ON government introduced the new Cap & Trade program as a provincial initiative to fight 'Climate Change'. The objective of the Cap & Trade program is to gradually reduce greenhouse gas emissions. KEI decided to opt-in to the Cap & Trade program as it was economically viable to do so. The main production facility in past years 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. This zoning has helped maintain our building heat and better utilization of heating systems. We are currently working on 'heat/air' recovery opportunities to reduce the amount of natural gas being used to heat the building. In addition to the zoning of the plant we decided to switch from natural gas lift trucks to electric units.

SUSTAINABLE WATERLOO

We entered into a partnership with Sustainable Waterloo Region (SWR) to help develop our metrics and to establish a baseline year; plus develop if possible a 10- year ‘Carbon Footprint’ reduction target. We are continuing to evaluate our data and working 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.

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 employee charitable contributions were expanded in 2016 to include the [Toasty Toes](#) campaign which is a program to help collect socks for the homeless within the community. KEI employees donated more than 400 pairs of socks to this campaign.

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 2016 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 2016, we continued to purchase energy efficient HVAC system(s) where possible. Through project work, KEI installed additional EER rated HVAC equipment and continued energy improvements through the installation of additional Variable Frequency Drives (VFDs) on production equipment and auxiliary equipment where possible. During our Christmas Shut down our main cafeteria was retrofitted with LED lighting. Furthermore our procurement practices were expanded to include the purchase of a Big Ass Fan in place of conventional walls fans to move/mix heat trapped at the ceiling. The BAF is estimated to save 19,184 kW annually.



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 2016, we maintained a 20% diversion rate of materials going to landfill. This diversion rate continues to be achieved through our large scale diversion program that includes: metal recycling program, 316,936 kg of various metals was diverted from landfill; 88,030 kg of nickel metal was returned to the refinery to be reclaimed, 4,828 kg of chromium was sent to the recycler to be used in stainless steel production.



FACILITY LIGHTING/BULB RECYCLING

KEI recycling efforts continued throughout 2016, spent bulbs, fixtures and ballasts from facility lighting were sent off site to be recycled, see Figure 2. In total 2,432 bulbs were recycled thus diverting 581.5 kg of glass, 0.02296 kg mercury, 7.66 kg phosphor, 5.57 kg plastic, 2.60 kg porcelain and 12.63 kg metals away from landfill.

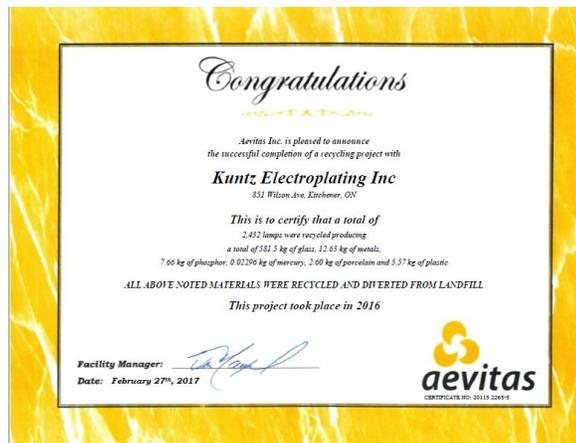


Figure 2 Bulb Recycling Summary

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.

ORGANICS RECYCLING

The organics diversion program has been in place since 2012. The focus in 2016 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.

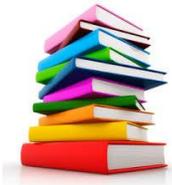
SUSTAINABLE PACKAGING/INCOMING PRODUCTS

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 ratio 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 attends Lunch & Learns and educational events to help members attend keep abreast of new and/or amended compliance

obligations, educational opportunities and other sector specific changes or requirements. Furthermore CASF is actively engaged at a high level with the government on policy reviews.



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 university, college and high school students in the following area(s), as examples: resource recovery & waste diversion see Figure 3, 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.



Figure 3 Resource Recovery & Waste Diversion Activity (Wellness Fair, 2017)



CONTINUOUS IMPROVEMENT

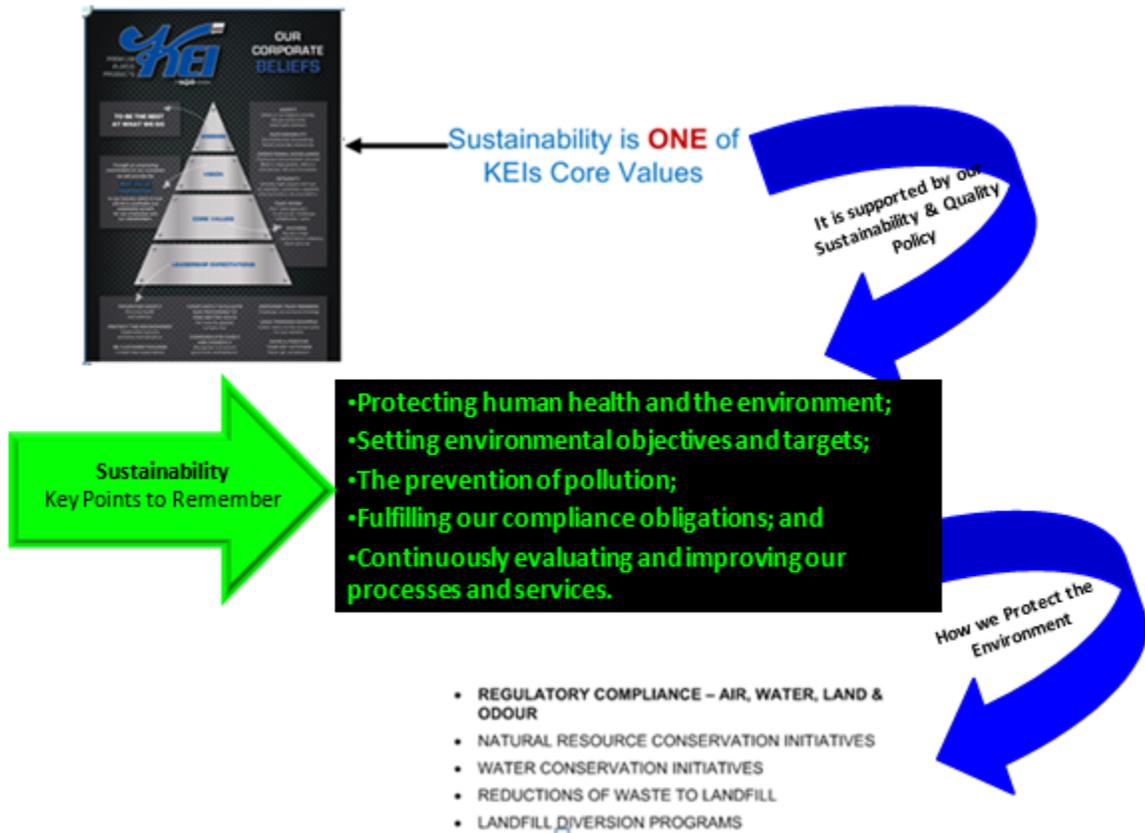
One of our main objectives is to continually improve and we saw measurable successes in 2016 with our “*sustainable*” initiatives. The efforts of our team will continue as we make improvements in the following areas:

- 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 internally and with our local utility representatives in the area of energy usage, energy efficiency and energy reduction strategies.
- Continue to evaluate different technologies to reduce commodity usage, 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 evaluate technologies in strategic areas that will further reduce/improve the overall business activities as they relate to the environment.
- Continue to evaluate our waste streams and identify areas for improvement plus additional streams for elimination, reduction, and/or diversion, see Figure 4



Figure 4 New Diversion Program and Existing Metal Recycling

In summary, Sustainability is one of KEIs Core Values and is supported by our Sustainability and Quality 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 to identify additional opportunities in the areas of energy efficiency, resource recovery, and resource diversion as examples.

The Sustainability Team

