



SUSTAINABILITY REPORT 2019

Sustainability influences the way we run our business, operate our facilities, and contribute to communities around the world. We strive to conduct business in ways that respect the rights of customers, employees, and the communities in which we operate. At its essence, we are committed to being a responsible corporate citizen and have backed our commitment with concrete actions in five core areas.



ENVIRONMENTAL RESPONSIBILITY

Our Commitment to Health, Safety and the Environment

We strive to be an industry leader in health, safety and environmental practices in all our operations through technological innovation and process efficiencies to minimize the impact of our operations on the environment and to provide safe and healthful working conditions. In furtherance of this objective, our Health, Safety and Environmental Policy commits us to, among other things:

- complying with, and exceeding where reasonably possible, all applicable health, safety and environmental laws, regulations and conforming with our internal standards based on generally accepted environmental practices and industry codes of practice;
- regularly evaluating and monitoring past and present business activities impacting on health, safety and environmental matters;
- improving the efficient use of natural resources, including energy and water;
- minimizing waste streams and emissions;
- implementing effective recycling in manufacturing operations, in each case, through the use of locally set continuous improvement targets;
- utilizing innovative design and engineering to reduce the environmental impact of our products during vehicle operation and at end of life;
- ensuring that a systematic review program is implemented and monitored at all times for each of our operations, with a goal of continuous improvement in health, safety and environmental matters; and
- reporting to executives at least annually.

Environmental Compliance

We are subject to a wide range of environmental laws and regulations relating to emissions, soil and ground water quality, wastewater discharge, waste management and storage of hazardous substances. RigMaster Health and safety committee has developed a strong North American environmental compliance program that provides regular assessment of environmental performance. This environmental compliance program consists of regular review and inspections of our facilities for compliance with local regulations, our internal corporate standards and industry best practices.

General environmental awareness training is provided to employees by facilities management and our environmental department. In addition, our environmental committee holds regular meeting with representatives from our manufacturing facilities to reinforce our commitment to environmental responsibility, keep our local and regional teams

informed of changing regulations and to share best practices with respect to environmental compliance and sustainability initiatives.

We are also subject to environmental laws requiring investigation and clean-up of environmental contamination. To minimize the potential for our operations to cause significant impacts to soil or groundwater, we implement a number of best practices in the operation and construction of our facilities, including: sealing surfaces where fluid or chemicals can accumulate; secondary containment methods; providing spill awareness and response training and equipment to employees; and conducting regular facility inspections.

To date, the aggregate costs incurred in complying with environmental laws and regulations, including the costs of clean-up and remediation, have not had a material adverse effect on us.

Responding to Climate Change Opportunities and Risks

Climate change – the alteration of long-term weather patterns and increasing frequency of extreme weather events – presents both opportunities and challenges for Original Equipment Manufacturers (“OEMs”) and suppliers. We seek to realize the opportunities and address these risks in several ways, including sustainability-focused innovation, minimizing the impact of our operations, CO₂ reduction through lean logistics, and climate risk mitigation for our property portfolio.

Sustainability-Focused Innovation

We develop technologies that help our customers bring to market products which meet or exceed consumer expectations regarding fuel consumption and greenhouse gas (GHG) emissions. Our contribution in this regard is through:

- use of advanced and lightweight materials;
- components and systems with reduced mass, through use of advanced/lightweight materials, innovative multi-material joining processes, increased use of electronics and reduced number of parts;
- solutions to help optimize internal combustion engines; and
- reduce maintenance.

Minimizing the Impact of Our Operations

We strive to improve the efficiency of our manufacturing operations, including through the energy, water and waste reduction efforts discussed below under “Energy, Water and Waste Reduction”. Our operations are not major GHG emitters and generally do not exceed local GHG reporting thresholds.

Reducing CO₂ through Lean Logistics Management

RigMaster has implemented a “lean approach” that incorporates sustainability considerations in materials management and logistics. These sustainable lean logistics initiatives aim to achieve synergies and efficiencies that not only reduce cost, but also our environmental impact, including by reducing CO₂ emissions, energy use, water consumption and waste.

We conduct analyses at our facilities to determine complete processing times from the initial supplier stage to the final customer delivery stage. Weekly deliveries, internal warehouse procedures, interim transporting, external warehousing and monthly deliveries to customers are areas of particular focus.

Property Risk Mitigation

Extreme weather events such as floods, windstorms, earthquakes and other natural weather hazards may cause catastrophic destruction to our or our sub-suppliers’ facilities, which could in turn disrupt our production and/or prevent us from supplying products to our customers. Given the diversity of climates to which we are exposed, where practical, physical risks related to applicable extreme weather events. RigMaster introduce a program to enhance the resiliency of our facilities and minimize the risk of disruption to our operations from extreme weather events: pre-screening of facilities in Toronto, Cobourg and Springfield, MO, site selection; acquisition risk assessments; facility construction design review and recommendations; and training and education. In addition, the program extends the risk assessment by identifying and evaluating potential exposures to our direct supply chain (including natural hazards) which could disrupt business operations. Where such supply chain exposures are identified, a more detailed assessment may be performed to better understand the supply chain risk, including further on-site assessment, where practicable.

Reporting

We participate in the Carbon Disclosure Project in Toronto, Ontario, a not-for-profit project designed to provide investors with information relating to corporate GHG emissions, water use and perceived corporate risk due to climate change. In addition, RigMaster provides sustainability reporting directly to our customers. These assessments are supplier requirements and typically follow common reporting templates approved by industry associations in North America.

Hazardous Waste and Industrial Emissions

We operate a number of manufacturing cells that use environmentally sensitive processes. We believe that all of these operations meet, in all material respects, applicable governmental standards for waste handling and emissions. Some of our cells have in the past and may in the future receive a notice of violation or similar communication from local regulators during routine reviews. We have in the past and will continue in the future to address any such notices promptly.

Energy Efficiency, Water and Waste Reduction

We aim to achieve efficiencies in and minimize waste from our manufacturing operations by focusing on increasing energy efficiency, as well as reducing water consumption and waste generation.

Energy Efficiency

Our efforts to reduce energy consumption and operate facilities on a more energy efficient basis forms part of our formal RigMaster Factory Concept. In 2019, RigMaster invested \$150,000 to reduce cost of energy consumption. By 2022, RigMaster will develop a mature energy program.

The activities of the energy program team are, including through: training courses designed to promote strategies for reduced energy use; regular communication through newsletters; an internal energy savings collaboration site which allows energy team to view implemented projects, associated costs and savings and implementation recommendations; and energy “champions” who identify and promote energy reduction initiatives.

Some of the incremental changes made by our energy program to their facilities and processes to reduce our energy consumption and improve energy efficiency include:

- specific equipment start-up/shut-down/idling procedures to achieve energy-savings during production downtimes;
- compressed air leak Identification and repair initiatives;
- use of ceiling fans to blend air temperatures and prevent heat over-delivery;
- computer-controlled utility and HVAC systems to allow for improved performance and energy reduction;
- monitoring of electrical panel efficiency;
- door upgrades to reduce heat loss;
- high efficiency chiller and compressor upgrades;
- integration of air economizers and heat recovery units into HVAC systems;
- software-managed and occupancy-sensor-controlled lighting and energy efficient lighting retrofits;
- recovery of waste heat from certain processes for use in other areas;
- installation of variable frequency drives on motors and pumps; and
- participation in energy savings and incentives programs offered by utilities providers in many jurisdictions in which we operate.

Water Consumption

We collect water use data to: understand the volume of water used in our business; identify cell with high water use; benchmarking of water use at comparable facilities; and identification of water reduction opportunities. Some of our manufacturing operations have undertaken initiatives to reduce water usage, such as use of recycled water in the cleaning pre-paint process.

Waste Reduction and Recycling

Waste reduction and scrap elimination are important considerations in our manufacturing activities. One example of our waste reduction efforts is our “packaging and packing” initiative which aims to replace disposable packaging with reusable packaging for our parts, as well as redesigning product packaging to more efficiently use space when transporting products to our customers; reducing the number of trips needed.

FAIRNESS AND CONCERN FOR EMPLOYEES

Our Commitment to Our Employees

We are committed to an operating philosophy based on fairness and concern for people. This philosophy is part of our “Fair Enterprise” culture in which employees and management share the responsibility to help ensure our success. Our Employee’s Charter, a foundational document in our business, sets out this philosophy through the following principles:

- Job Security – Being competitive by making a better product for a better price is the best way to enhance job security. We are committed to working together with our employees to help protect their job security, including through job counselling, training and employee assistance programs to our employees;
- A Safe and Healthful Workplace – We strive to provide our employees with a working environment that is safe and healthful;
- Fair Treatment – We offer equal opportunities based on an individual’s qualifications and performance, free from discrimination or favoritism;
- Communication and Information – Through regular monthly meetings between management and employees, continuous improvement meetings, we provide our employees with information so that they know what is going on in the company and in the industry. We also conduct employee opinion surveys to help ensure employee involvement and feedback; and
- Employee Hotline – Should any of our employees have a problem, or feel the foregoing principles are not being met, we encourage them to contact our confidential and anonymous employee hotline to register their complaints (“people@rigmasterpower.com”).

Leadership Development and Succession Program

A key element to the success of our business remains our ability to attract, retain and develop skilled personnel to match the pace of our growth. We have implemented and continue to enhance our Leadership Development and Succession program to help identify, train and develop future leaders with the skills and expertise needed to manage a complex, business.

Respecting Employee Rights

We are committed to providing working conditions and standards that promote dignified and respectful treatment of all of our employees. Our Working Conditions, together with our Code of Conduct and Ethics (“Code”) prohibit the use of child, underage, slave or forced labour.

Our Working Conditions also articulate our belief that workers have the right to associate freely or workers’ councils in accordance with applicable laws.

Fairness Committees and Employee Advocates

In furtherance of our commitment to fairness, as demonstrated in our Employee’s Charter, we have established Fairness Committees in our North American facilities which enable employees at such facilities to have many of their concerns resolved by a committee comprised of both management and employees.

Diversity

Diversity is important to us and we continually strive to create an inclusive work environment at RigMaster. We believe the principle of fair treatment in our Employee’s Charter – one which we reinforce through employee meetings, training and communications – has been a key element in fostering diversity at RigMaster. Any employee who believes that we are not living up to any of the principles in the Employee’s Charter, including the principle of fair treatment, can seek redress.

Gender Diversity

We aim to promote gender and cultural diversity in our talent attraction and recruitment processes..

Currently, 40% of our corporate officers are female. Recognizing that this level of gender representation is not sufficient, we have worked with Catalyst to develop an action plan to increase gender diversity in our organization. As part of this initiative, we have committed to take the following steps over the next three years:

- increasing senior leadership’s support and accountability for gender diversity initiatives and agenda in a highly visible manner; • helping leaders learn to reduce unconscious biases;
- analyzing our recruitment strategies and interview practices for hidden biases;
- reviewing and improving our flexible work-life policies;
- developing and sponsoring highly-qualified, but under-represented female talent; • tracking data and creating an annual scorecard to measure progress; and
- reviewing and refreshing our action plan to drive continuous progress.

Occupational Health and Safety

Safe and Healthful Working Environment

Our employees are a key factor in our success and protection of their health and well-being is important to us. We have long articulated our commitment to providing a safe and healthful work environment for our employees and visitors to our facilities, as reflected in our Employee’s Charter and demonstrated through the programs discussed below.

Health and Safety Standards and Compliance

Our commitment to providing a safe and healthful work environment is fulfilled through a regular program of health and safety audits and inspections of our facilities, covering health, safety, industrial-hygiene, industrial ergonomics and emergency preparedness policies and action plans. Audits are designed to address documentation requirements, while inspections assess physical hazards. Audits and inspections are conducted on-site and followed with a report requiring the facility to develop an action plan to address deficiencies or best practices that is reviewed by senior operating management.

The compliance program incorporates including; Canadian Standards Association (CSA), American National Standards Institute (ANSI), Inspections are conducted by specialists with knowledge of RigMaster’s standards and country-specific requirements. Legislative changes, accident trends and changes to industry standards are incorporated into the program as part of the annual review of the program and updates of audit requirements conducted every three years. The results of our health and safety audits and inspections are reported to and overseen by company executives.

Our health and safety department holds regular conferences with representatives of our manufacturing operations to reinforce our commitment to providing a safe and healthful work environment and share best practices with respect to occupational health and safety. To the extent an employee believes we have not fulfilled our promise to provide a safe and healthful working environment, he or she has numerous avenues to elevate the concern, including our RigMaster Hotline.

Ergonomics Program

Utilizing international and regional standards, including best practices, our committee approach to control risk, achieve legislative compliance and reduce accidents. Each division incorporates different committees including joint health and safety, ergonomic and focus groups to prioritize and implement practices to address and control location-specific hazards. A key program for supporting employee well-being is our ergonomics program which aims to reduce the risk of musculoskeletal injuries. Managed by the health and safety committee and with the support and guidance of corporate, the program regularly evaluates each Division’s performance against a set of established criteria.

CORPORATE ETHICS AND COMPLIANCE

Our Commitment to Ethics and Legal Compliance

Code

We are committed to conducting business in a legal and ethical manner. Our Chief Executive Officer, Executive Management, and our operating management, have communicated and consistently reinforced our clear and unequivocal compliance expectations through all levels of our organization. Our Code, which applies equally to all of our directors, executive officers and employees, articulates our compliance-oriented values and our expectations generally. It also establishes our standards of conduct in a number of specific areas, including:

- employment practices and employee rights;
- respect for human rights;
- compliance with law, generally;
- conducting business with integrity, fairness and respect;

- fair dealing, including prohibition on giving or receiving bribes;
- standards of conduct for senior financial officers;
- compliance with antitrust and competition laws;
- environmental responsibility;
- occupational health and safety;
- management of conflicts of interest;
- protection of employees' confidential information; and
- compliance with our corporate policies.

The Code is disclosed on the "Corporate Governance" and posted. Furthermore, a hard copy given to our employee alongside employee handbook. The Code is reviewed regularly, and proposed amendments must be approved by our executive. We have also supplemented the requirements of the Code through the adoption of policies covering: bribery and improper payments; tooling practices; gifts and entertainment; anti-retaliation; careful communication; conflicts of interest and antitrust and competition.

Ethics and Legal Compliance Program

In order to help our employees understand the values, standards and principles underlying our Code, we have implemented an ethics and legal compliance orientation conferences. In addition to providing training on legal compliance and ethics topics generally, these specialized conferences are designed to be interactive and incorporate real-life scenarios and exercises, which we believe amplifies our compliance expectations and resonates more powerfully with participants.

Our aims to assist employees in understanding the values, standards and principles underlying the Code, as well as the application of such values, standards and principles to real-life situations.

Data and Cyber Security/Privacy

Cyber Security

Our enterprise cyber security strategy aligns with industry, customer and recognized standards, including the National Institute of Standards and Technology. This strategy includes cyber security risk assessments, continuous monitoring of networks and other information sources for threats to the organization and incident response plans/processes. RigMaster's centralized enterprise cyber security policies, compliance measures and training and awareness programs. Cyber security accountability is centralized for shared global telecom and computer infrastructure. We also have a centralized, common repository of critical IT systems across the entire IT platform, which includes risk exposures and security controls. We monitor and test our IT systems and seek to ensure our infrastructure receives appropriate upgrades and remediation in a timely manner. In addition to these centralized initiatives, our decentralized operating model requires decentralized cyber security accountability at our Divisions and operating Groups with respect to local plant infrastructures and risk/security issues inherent in certain products and services.

We re-evaluate and refine our cyber security initiatives, driven by three key considerations: being better able to fend off external attacks (including ransomware and malware); ensuring high profile visibility for cyber security requirements from many of our customers and emerging governmental rules and regulations regarding privacy which directly affect cyber security requirements. Our selection process for third party (e.g. Cloud-based) services includes a due diligence approach that seeks to align such services with our overall approach to cyber security. Our Audit Committee has risk oversight responsibility for our enterprise IT/information systems and cyber security program and receives periodic reports regarding the program at quarterly meetings.

Privacy

RigMaster is committed to preserving the privacy of all of its customers and employee in accordance with applicable law. Our Code articulates our approach to the privacy of our employees and protecting their personal information. Specifically, we will only collect, use and disclose personal information for legitimate business or employment purposes or if required by law. In addition, like any other asset, confidential information, which includes trade secrets and proprietary information is a valuable part of our business and we aim to safeguard it.

SUPPLY CHAIN RESPONSIBILITY

Our Expectations of Our Suppliers

In 2021, RigMaster will introduce a Supplier Code of Conduct and Ethics (“Supplier Code”) which outlines the principles we apply internally at RigMaster through our Code, as well as expectations we have for every company that supplies goods or services to RigMaster, relating to, among other things:

- ethical business conduct, such as compliance with antitrust/competition, anti-corruption/bribery and export controls laws; conflict minerals reporting; avoidance and reporting of conflicts of interest; and protection of RigMaster intellectual property and confidential information;
- employee rights, including: respect for human rights; acceptable working conditions; prohibitions on harassment and discrimination; and occupational health and safety; and
- environmental responsibility and compliance.

The Supplier Code forms an integral part of our overall contractual relationship with our suppliers. We expect the standards set out in the Supplier Code to be met by our suppliers, even in jurisdictions where meeting such standards may not be considered part of the usual business culture and a failure to do so can result in the termination by RigMaster of the supply relationship.

We continue to support and participate in industry efforts to develop common standards relating to business ethics, environmental standards, working conditions and employee rights. We will continue to engage with our suppliers to raise awareness of the importance of sustainability in our supply chain.

Global Working Conditions in our Supply Chain

We expect that our supply chain will adhere to our our Supplier Code, which prohibit the use of child, underage, slave or forced labour..

Supply Chain Management

General

RigMaster’s supply chain management group focuses on a number of elements that we believe are integral to world class supply chain management, such as: common global key performance indicators (KPIs); specific roles and responsibilities; processes and standards; global training; and risk management.

The global KPIs we use are focused on purchasing savings, supplier ratings, supplier quality measurements and supplier diversity. All four of these KPIs are standardized globally. We also maintain a strong financial and commercial risk management process focused on supplier quality and financial risk. We use sourcing boards to help ensure compliance with our internal standards when we place new business within our supply base. In order to promote awareness of the key elements of our supply chain risk management program, including the requirements in our Supplier Code, we provide a four-module global training program on an ongoing basis to our over 1000 buyers.

Supplier assessment

From a risk management standpoint, we assess all new production suppliers in order to measure their overall quality, and compliance with our Supplier Code. We score our suppliers based on business ethics and practices, human rights, social responsibilities, and environmental standards. Suppliers must also be able to demonstrate that they will be able to comply and adhere to applicable workplace Health and Safety practices.

Supplier Diversity

To support those supplier diversity efforts which form part of our supply chain management program, we participate as a corporate member of several industry-recognized supplier diversity organizations, as well as a number of supplier diversity advocacy events, conferences, and procurement fairs, including several organized by our OEM customers. We are proud to have received awards for our supplier diversity efforts from our customer, Alexander Dennis in past years.

CONTRIBUTING TO COMMUNITIES IN WHICH WE OPERATE

Our Commitment to Our Communities and Society

RigMaster recognizes that sustainability goes beyond our processes and products and we believe it is important to give back to the communities in which we are based.

Corporate Giving

We have a long history of supporting many social and charitable causes, primarily in the communities around the world in which our employees live and work.

Most of our donations and sponsorships are focused primarily on:

- Employee and Community Health and Wellness;
- Technical and Vocational Training/Education;
- Disaster Relief and Refugee Aid;
- Culture; and
- Youth Sports.

RigMaster Support for Employee Volunteerism

We also encourage and support our employees who devote their time, energy and passion to making a positive contribution to their workplace and communities through direct giving, special events, fundraising and volunteer work.

Concern for others is a cornerstone principle of our culture and we are proud of the efforts of our employees around the world to give back to their communities. In order to further support and enhance employee fundraising efforts, we maintain a RigMaster Matching Program, which matches donations to qualified, non-profit initiatives, up to specified amounts. Matched donations are required to be compatible with RigMaster's basic criteria for corporate giving. Over the past year, RigMaster has matched the funds raised by RigMaster employees St. Michael Hospital for sick kids.

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