



ENVIRONMENTAL, SOCIAL & GOVERNANCE POLICY (ESG)

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PURPOSE

The purpose of the Environmental, Social and Governance (ESG) Policy is to declare Anodyne Electronics Manufacturing Corp. (AEM) commitment to conducting business responsibly, ethically, and sustainably. The ESG Policy establishes our commitment to integrating environmental stewardship, social responsibility, and strong corporate governance practices into all aspects of our operations, decision-making, and stakeholder relationships.

ESG is an umbrella framework that contains a set of KPI's, and goals established each fiscal year, to promote environmental, social and governance responsibly. The KPI's are established by senior management and visible on the Environmental Scorecard Dashboard on the Corporate Homepage of the AEM Share Point Intranet. ESG is the umbrella framework with supporting policies and actions falling under any of the headings listed below.

MANAGEMENT COMMITMENT

AEM is committed to continual improvement of its ESG performance through objective setting, performance monitoring, risk management, and management review.

SCOPE

The scope of AEM's Environmental, Social & Governance Policy includes all levels of personnel, operations, contractors, suppliers, etc. The scope focuses on AEM location at 966 Crowley Road, Kelowna, B.C. AEM Kelowna facility is a modern building built in 2023 with the latest environmental technology.

ENVIRONMENTAL

AEM has adopted a Climate Change Policy to declare AEM's Management Commitment to manufacturing our products using processes that a safe and healthy workplace for our employees while also safeguarding the environment. We set annual objectives and involve all our employees in continuous improvement, focusing on the right behaviors and practices that make a positive sustainable impact.

AEM is resolute in adhering to all relevant, federal, provincial, and municipal environmental legislation while incorporating environmental best practices.

While the KPIs may evolve over time, the main objectives in the Environment Scorecard Dashboard target the monitoring, analysis and improvement in the following areas:

Promote Low Carbon Operations- Focusing on Energy Efficiency Through Responsible Operational Practices

Protect Water Resources- Focusing on Reducing Chemical Spills & Hazardous Waste.

Waste Reduction - Focusing on Measuring and Increasing the Recycling of Materials through Planned Waste Diversion Practices.

SOCIAL

AEM values people and believes our employees are critical to our success. We will:

- Maintain a safe and healthy workplace.
- Promote proactive identification of work hazards and safety risk reduction.
- Encourage employee participation in health and safety initiatives.
- Support continual improvement of our Safety Management System.
- Foster a workplace free from discrimination, harassment, violence, and retaliation.
- Ensure all AEM employees earn at or above the living wage for the Kelowna region, supporting financial well-being, employee retention, and learning &

growth. A living wage is the hourly amount a worker needs to earn to cover their family's basic expenses within their community. It is recalculated on an annual basis to ensure that it accurately reflects changing living expenses. For more details about the calculation, see www.livingwagebc.ca

- Treat all individuals with dignity and respect.
- Maintain Diversity, Equity & Inclusion Policy
- Promote fair hiring, development, promotion, and compensation practices.
- Invest in employee training, development, and career growth.
- Support succession planning and leadership development.
- Prohibit child labour, forced labour, and human trafficking promoting solid recruitment standards for AEM.

While the specific SOCIAL KPIs may evolve over time, the main objectives in the Environment Scorecard Dashboard address how employees are treated in the workplace.

Promote High Engagement- Focusing on low Employee Turnover Rates, paying AEM employees at or above the current Living Wage for Kelowna, Talent development and fair workplace practices.

GOVERNANCE

AEM is committed to ethical business conduct and effective governance practices.

We will:

- Conduct business honestly and ethically.
- Maintain a Code of Conduct that sets expectations for employee behavior.
- Promote accountability throughout the organization.
- Comply with all applicable laws, regulations, and industry standards.
- Maintain systems to support reporting of misconduct
- Prohibit bribery, corruption, kickbacks, and unethical payments.
- Require annual ethical conduct training of all leaders.
- Maintain cybersecurity controls appropriate to business risks.

While the specific GOVERNANCE KPIs may evolve over time, the main objectives in the Environment Scorecard Dashboard promote high standards of business conduct.

Ethical Business Conduct- Focusing on enhancing knowledge of ethical business conduct and minimizing business risk.

ROLES & RESPONSIBILITIES

The **Chief Executive Officer (AE)** is accountable for the organization's adherence to the ESG and related policies.

Senior Management reviews ESG performance annually as part of Management Review.

One of the roles of the **JHSC** is to review environmental practices as evaluated during the inspection process to ensure processes align with policy. Findings are to be documented during the inspection and record as Open Corrective Actions on the SharePoint Intranet List. Furthermore, environmental issues are tabled at JHSC meetings, and the committee participates in the annual audit.

Quality Assurance is responsible for conducting the Supplier Evaluation Survey to key suppliers every two years and incorporating ESG findings into the Supplier Risk Summary. Questions posed to suppliers may contain confirmation of applicable policies, objectives and risk registers.

People & Culture is responsible for maintaining the Risk Register and KPI Dashboard on Share Point as well as, training enrolments and records management and Policy development.

The **Chief Operating Officer** is responsible for fulfilling objectives in operations through the appropriate management teams.

ESG RISKS REGISTER

In conjunction with the JHSC, AEM maintains a Risk register internally. These identified risks are referenced during the monthly JHSC inspections to ensure risks are appropriately managed. The ESG Risk Register is reviewed annually and shared on the Safety Homepage, JHSC Inspection page on AEM Share Point Intranet for employees to view.

REFERENCES

- Environmental Scorecard Dashboard
- Climate Change Policy
- Quarterly data & analysis of Fortis BC Electricity & Natural Gas
- Environmental Management Act (British Columbia) and Hazardous Waste & Spill Reporting & Recycling Regulation
- Municipal Sewer Use and Wastewater (City of Kelowna)
- Transportation of Dangerous Goods Act (Federal Canada)
- Canadian Environmental Protection Act (CEPA)
- AEM Recycling & Disposal Procedure
- Chemical Spill Reporting Form
- AEM Environmental, Health & Safety Manual
- Joint Occupational Health & Safety Committee
- Environmental, Health & Safety (corrective actions) List (Share Point)
- Respect in the Workplace Policy
- Diversity, Equity and Inclusion Policy
- Progressive Discipline Policy
- The Tandem Team (ethical hotline)
- Recruitment & Selection Policy
- Employee Annual Volunteer Hours (2 paid hours)
- Code of Conduct & Business Ethics Policy
- Annual Code of Conduct/Ethical Workplace leadership training
- Reporting a Workplace Conduct Concern Policy



- Data Privacy Policy
- Living Wage for Families BC Program

Approvals:

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Approved By: Rick Freeman, Chief Executive Officer	October 1, 2026	<i>[Signature]</i>