



..... **Cloverdale Paint**

PAINTING BETTER COMMUNITIES

2024 SUSTAINABILITY REPORT

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About This Report



Cloverdale Paint’s 2024 sustainability report highlights the steps we are taking to improve efficiency, reduce emissions, and provide innovative and sustainable products that help people, the planet, and the communities around us

This report baselines quantitative data across major manufacturing operations in the context of the Company’s impact on its stakeholders and environment. Reporting is built with reference to the Global Reporting Initiative (GRI) standards and relevant Intergovernmental Panel on Climate Change (IPCC) guidelines. Quantitative reporting is objective, based on a combination of internal reporting and metered values provided by external parties.



Cloverdale’s efforts towards more sustainable operations are third-party verified by EcoVadis. Founded in 2007, EcoVadis is a trusted provider of sustainability rankings, education, and guidance. In partnership with our trading partners, our EcoVadis evaluations are shared with the common goal of continually working towards a more sustainable business environment.

Our Vision

Our vision is to be the supplier and the employer of choice in our industry. We describe this vision as “The Place to Be”.

The Cloverdale Group will be the largest family owned & operated coatings company in North America.

Our Core Values

- Respect for People •
- Commitment to Integrity •
- Industry Leading Service •
- Fostering Innovation •
- Focusing on Quality •
- Clarity of Communication •
- Social Responsibility •
- Promoting Success •

Sustainability at Cloverdale Paint

Cloverdale’s commitment to sustainability is a proud part of our culture. It is driven by a collaboration across our functional areas and facilities across Canada and is reinforced by our commitment to the Company’s visions & values. It is our belief that contributing to a sustainable future is crucial to Cloverdale’s continued position as the largest family owned & operated coatings company in North America and “The Place to Be”.

Cloverdale aims to follow an environmentally and socially sustainable path by mitigating its impact through the following actions:

- Promoting an inclusive work culture and providing employees with the right resources to ensure their success
- Formulating more sustainable-sourced products that offer solutions to our customers
- Partnering with suppliers to source, evaluate, and introduce more sustainable raw materials
- Measuring, monitoring, and identifying opportunities for improvement in our electricity, natural gas, and water usage, air emissions, waste output, and health & safety practices
- Ensuring diligence in monitoring and preventing the release of chemicals to the environment and take to reduce our carbon footprint



Cloverdale at a Glance



Cloverdale Paint is the largest family owned & operated coatings company in North America, selling products within our own branches and through dealers from coast-to-coast across Canada. Sustainability is an important pillar in our operations and we continue to broaden our horizons by developing product offerings and processes which minimize our environmental impact and help our trading partners achieve mutual sustainability goals.





Processes & Emissions

Understanding points of emission and environmental impact provides insights into understanding the processes within Cloverdale’s value chain so that we can identify opportunities to reduce emissions.



Raw Materials

Includes pigments, resins, and additives sourced by our Procurement and Technical teams. Emissions from this end of Cloverdale’s value chain are considered upstream indirect emissions (scope 3).



Delivery

The delivery of raw materials may occur by various modes of transport, and emissions are also upstream and indirect (scope 3).



Manufacturing

This involves the process of storing raw materials, processing them into finished goods, quality control (QC), and packaging the finished goods. Emissions from manufacturing are a combination of direct natural gas (scope 1) and electricity (scope 2) usage.



Distribution

Distributing manufactured paint occurs through transport to and from one of Cloverdale’s distribution centres or, in some cases, direct to customer. Transport companies are primarily used for distribution with emissions considered downstream and indirect (scope 3).



Point of Sale

Paint does more than just improve aesthetics - it protects and extends the life of assets. At the end of a project, leftover paint needs to be handled properly and recycled to reduce potential downstream emissions (scope 3).





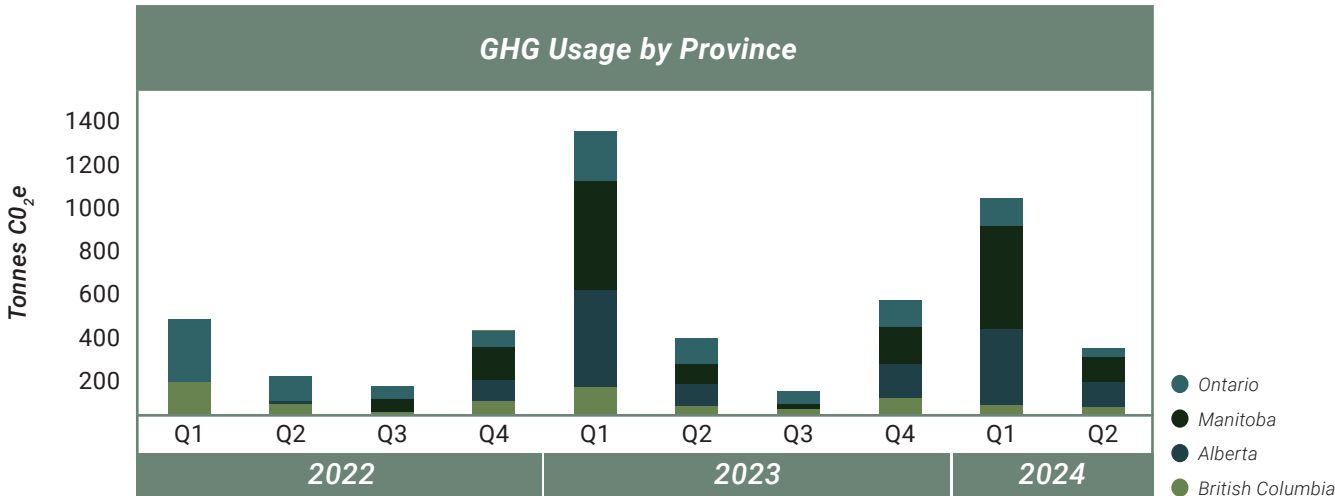
Direct Emissions & Electricity Usage

Natural gas is Cloverdale’s primary source of scope 1 greenhouse gas (GHG) emissions. Most of Cloverdale’s natural gas usage is for maintaining comfort heat in our facilities while a small amount of gas is used for production purposes. By tracking natural gas usage for our manufacturing and distribution facilities across Canada it can be observed that the winter months produce spikes in usage for the purposes of comfort heating. Cloverdale’s sites undergo routine maintenance which ensures comfort heating is utilized efficiently.

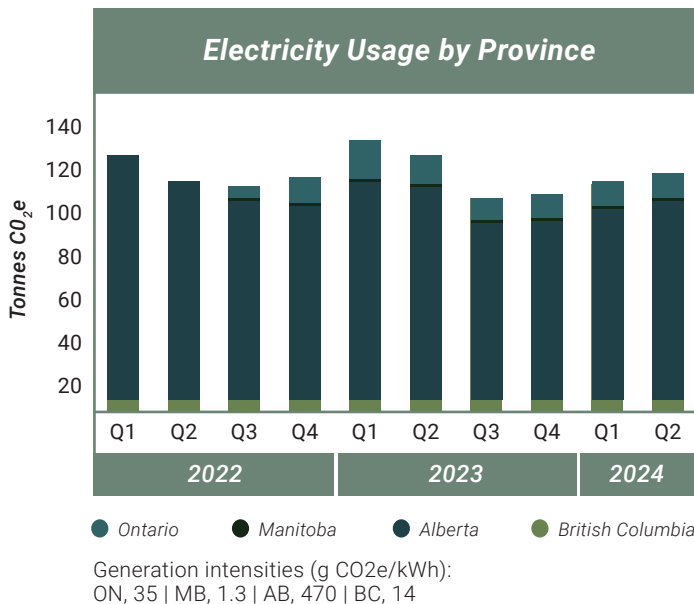
Cloverdale enjoys a low scope 1 footprint with few sources for emissions. Distribution is primarily handled by third-party carriers, and where possible, compressed natural gas (CNG) is used for truck transportation as a cleaner alternative to diesel, reducing carbon intensity by over 30%.

TARGET

10% reduction across scope 1, 2 & 3 emissions resulting from air pollution, utilities usage, and the handling of waste by 2030



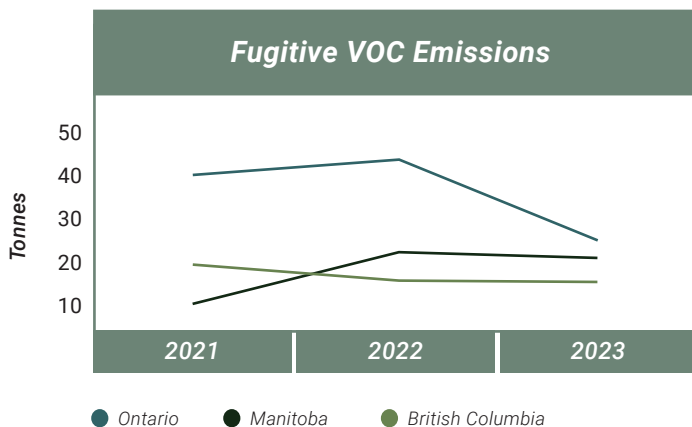
Enbridge reference of 1.932kg CO₂e per m³ natural gas



Electricity usage is monitored as a direct scope 2 emission source. Apart from standard uses, electricity is the main source of power utilized by our manufacturing equipment.

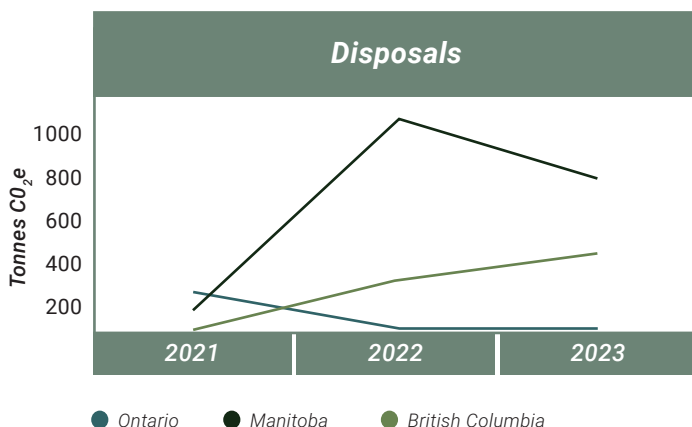
Of the four provinces in which Cloverdale operates manufacturing and distribution sites, three operate on renewable energy (British Columbia, Manitoba, and Ontario), while Alberta operates on a combination of renewable and non-renewable energy (36% coal, 54% natural gas, 10% renewables including wind, hydro, and biomass). The resultant electricity usage converted to CO₂e is impacted by Alberta playing a dominant role in scope 2 emissions due to how electricity is derived in the province.

Fugitive Emissions & Disposals



As part of the global reporting initiative (GRI 305) fugitive VOC emissions from the manufacture of paint are recorded. VOC emissions are expressed in tonnes rather than CO₂e as VOCs used in the manufacture of paint do not procces global warming potential and do not fuction as GHGs.

Measuring emissions allows us to target opportunities for process improvement, the introduction of new technologies to reduce emissions, and opportunities to reduce potential nuisance odours. Continued efforts in these improvement areas will allow Cloverdale to continue to be a socially responsible supplier.



In contrast to fugitive emissions, those resulting from disposals are converted to CO₂e as the primary disposal method is incineration. Figures shown in the disposals chart are converted into CO₂e through an approximation referenced in the revised 2019 International Panel for Climate Change GHG inventories guidelines.

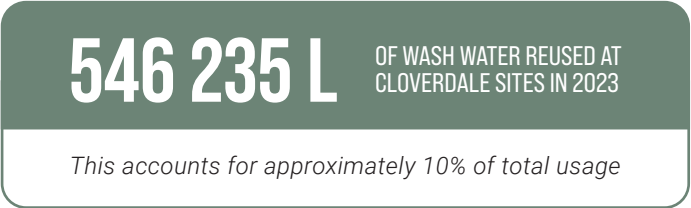
While significant efforts are made to mitigate chemical waste, some degree of water and solvent-based waste is inherent in the manufacture of paint. Waste is handled and disposed of responsibly through the use of approved third-party waste carriers and targeting reduction strategies are regularly implemented.

Prevention, Reuse & Recycling

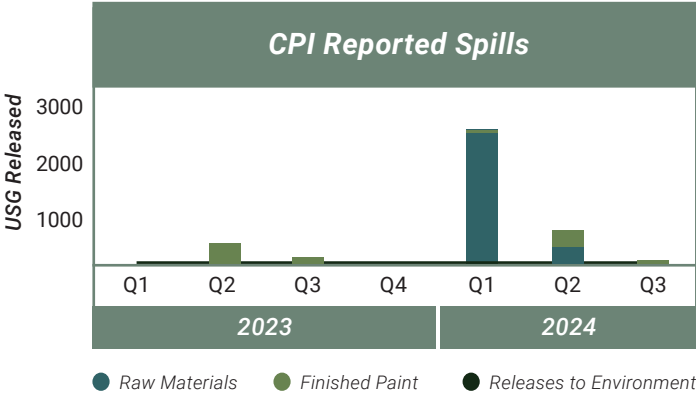


Cloverdale’s manufacturing and environmental processes are designed to ensure that no spills will be released into the environment, hence protecting the communities in which we work and live. To date, zero spills at any of our operating locations have been released to the environment.

Reuse of process waste is also an important consideration in our operations. Where possible, water used for cleaning and other processes is reused in our products where quality and safety can be ensured. Opportunities exist for expanding this usage to ensure a near completely circular process aimed at recycling waste into finished goods.



Like water-based waste, there are opportunities for the recycling of solvent-based waste. Solvent-based waste undergoes distillation, separating reusable solvent from paint solids. Recaptured solvents can then be reused in the manufacture of solvent-based paint or reused by our factories as cleaning solvents. Cloverdale Paint has dedicated facilities and equipment for reclaiming solvent-based waste so that it can be re-used in products we make.





Post-Consumer Paint Recycling

Cloverdale is proud to be a founding member of Product Care, an industry-managed program that redirects leftover post-consumer paint away from landfills through collection points and processors



At the end of a painting project, leftover consumer paint is collected and recycled to reduce the environmental footprint. Cloverdale is partnered with Product Care, which provides paint recycling locations in nine Canadian provinces. Here you can bring various types of leftover paint, including latex and oil-based paint, primers, coatings, aerosols, and other hazardous products. Product Care also offers free leftover paint through their PaintShare program.

Similar to Product Care, Cloverdale is also partnered with the Alberta Recycling Management Authority (ARMA) and Eco-Peinture in Quebec to assist in the responsible recycling of post-consumer paint.

TARGET

Continue to work with our provincial recycling partners on their quantitative targets



It's Not Just the Paint, It's the People



Cloverdale creates and maintains a workplace that is free from discrimination, harassment, workplace bullying, and workplace violence. We recognize the right of all employees to always be treated with dignity and respect while working on behalf of Cloverdale Paint.

All employees are aware that discriminatory, harassing, bullying, and/or violent behaviour is unacceptable in the workplace and will not be tolerated by the company. Any employees who feel harassed or discriminated against are provided the appropriate pathways for reporting issues confidentially.

In 2023, 84% of all Cloverdale employees successfully completed respectful workplace training, ensuring employee awareness in our visions, values, and reporting pathways. Cloverdale is committed to achieving a 100% completion rate moving forward.

Cloverdale's Code of Ethics and Business Conduct containing full details can be found on our website.



100 %

OF ALL RESPECTFUL WORKPLACE REPORTS RECEIVED WERE INVESTIGATED AND RESOLVED

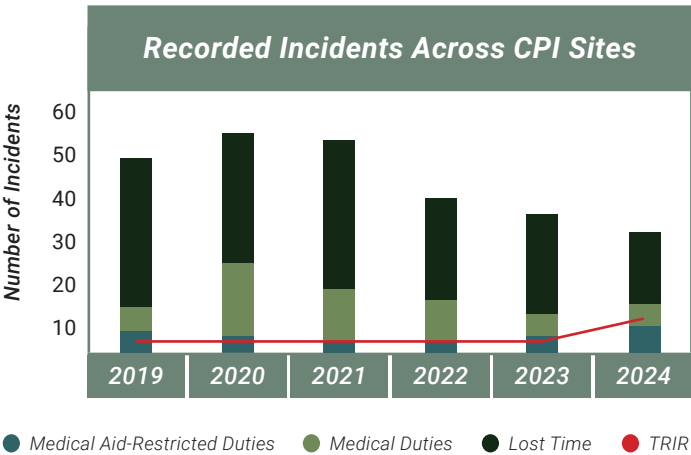
84 %

OF EMPLOYEES COMPLETED THE 2023 RESPECTFUL WORKPLACE TRAINING

Keeping the Team Safe

Health and safety is a top priority at Cloverdale. Initiatives to ensure training and compliance are actively in place to raise awareness and reduce preventable injuries through Cloverdale’s Health and Safety Management System (HSMS). Personal protective equipment (PPE) is provided to staff working with hazardous chemicals, and diligent enforcement is in place as part of our commitment to compliance.

Our commitment extends to our customers and community. Our health and safety team is available to provide consultation to our customers, contractors, and communities to ensure sustainable operations.



Health and safety data across all our locations is gathered, compiled, and reviewed on a quarterly basis to provide insight on the effectiveness of our actions. All incidents are tracked by classification of incident, and the Total Recordable Incident Rate (TRIR) measures the incidents per 100 employees.

Cloverdale’s commitment is to continue to track this data and implement improvements as needed to work towards creating an even safer environment.

TARGETS

- No product recalls due to customer health & safety incidents
- Reduce TRIR to a rate of 1.7 by 2030

Quality of Life



At Cloverdale, one of the ways we take care of each other is by fostering the importance of mental health and well-being and by providing resources and creating safe spaces where everyone feels comfortable. Cloverdale Paint’s Employee and Family Assistance is designed to help employees through tough times and promote overall wellness for the employees and their dependents. This program offers confidential and short-term support that assists with a variety of issues, including financial, legal, physical, and mental health. Cloverdale is partnered with both Sun Life and Telus Health to ensure that we have the capability to assist all employees.

To promote the success of our staff, incentives for further education through our Student Tuition Employment Partnership (STEP) Program is offered along with various scholarships to universities and colleges across Canada. These programs reinforce our value of promoting success and emphasizing the importance of continual improvement and development in working towards sustained operation of our business.

Sustainable Procurement



Cloverdale helps protect the environment through responsible raw materials selection in our procurement decisions and laboratory standards. We are committed to monitoring our initiatives on reusing, recycling, reducing energy use, emissions, and carbon footprint. At Cloverdale, it is important to us to ensure fair value for the product and services we purchase and are mindful of managing cost, reducing supply risk, and enabling stakeholders to achieve their business goals in the context of a fair marketplace. Our procurement team is trained on the corporate procurement policy and our Code of Conduct (CoC) outlining our expectations of suppliers.

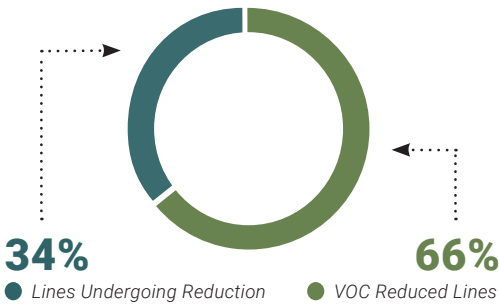
Cloverdale's supply chain is regularly evaluated for risk factors in order to ensure environmental protection and to safeguard against the use of forced or child labour. We assess supplier type, regional scope, presence of an ESG program, signed Cloverdale CoC, and participation of EcoVadis (or other similar third-party evaluations). Risk is managed within the supply chain through the use of supplier questionnaires and through partnership with QIMA to perform Cloverdale-directed third-party audits where supplier risk dictates the need for secondary assessment.



Sustainable Innovation



Cloverdale’s innovation goal is to deliver long-lasting products that not only protect assets, but also champion environmental stewardship. Our approach to formulation prioritizes environmentally friendlier raw materials that can ensure longevity and performance while minimizing impact. By extending the maintenance cycle, we reduce the need for frequent repaints, and by reducing VOC emissions, we actively conserve resources to contribute to a greener economy. To date, the majority of Cloverdale core product lines have been re-engineered to reduce VOCs. The Cloverdale Green Guarantee represents our commitment to this goal.



TARGETS

- VOC reduction for the remaining 34% of core architectural product lines by 2027
- Offer low carbon footprint options on 100% of our architectural catalogue by 2030
- Perform lifecycle studies on 100% of core architectural product lines by 2030



A further objective at Cloverdale is to create a larger stable of products that have been evaluated by third parties through environmental product declarations (EPDs) and lifecycle assessments (LCAs). Cloverdale’s catalogue consists of a wide range of products approved by third-party testing for credit contribution to LEED projects and eligibility of some products for USDA BioPreferred labelling. Fostering continual innovation towards a more sustainable product catalogue reinforces innovation as one of Cloverdale’s key values.

Upcoming Partnerships



Cloverdale actively partners with the world’s leading chemical companies to innovate products that do more to help the environment. Technologies such as Carbon Capture Utilization (CCU) convert existing carbon di-oxide emissions into feedstocks which capture carbon to produce new polymers. New technologies such as these reduce emissions into the atmosphere while also reducing the use of fossil fuels.

Bio-based feedstocks are also utilized in polymer development to formulate paints that reduce the need for fossil fuel. Cloverdale Paint’s team of over 50 research and development scientists are actively engaged in innovation projects to bring together environmental sustainability with high performing customer solutions.

Nova Cool Roofs

Cloverdale, along with other members of the Nova Paint Club, are engaging in a “Cool Roofs, Cooler Planet” campaign. Roofs painted with a white or light reflective coating helps to both reduce heat in buildings and combat the heat island effect in cities.



What can cool roofs do?

- Reduce air conditioning costs by up to 40%
- Extend roof life
- Improve efficiency of solar panels
- Reduce surface temperatures of roofs by up to 30°C
- Lower internal temperatures by 2 - 5°C



CLOVERDALE PAINT

Painting Better Communities



Cloverdale's continued commitment to help paint better communities is reflected by the actions we take together. Our 2024 sustainability report serves as a baseline to quantify where we stand, identify opportunities for improvement, and live our core values by implementing environmental, social, and governance improvements within our processes.



Reducing Electricity Usage

Strategic implementation of energy saving technologies can help to reduce GHG emissions and running costs.



Identify Alternative Disposal Pathways

Disposal of waste products continues to be one of the largest sources of emissions across Cloverdale. Opportunities exist to reduce the overall impact by means of re-use or recycling.



Keep Workers Safe

Continual efforts to reduce total recordable incident rate (TRIR) will help to improve morale, promote good practices, and achieve stakeholder expectations by maintaining a safer work environment.



Mapping Our Scope 3 Emissions

Upstream/Downstream and Indirect

Cloverdale encourages our trading partners to continually improve their sustainability efforts through our supplier code of conduct, quantifying and identifying opportunities for improvement will position us better to work with our partners on reducing our environmental impact.



Proving Our Efforts

Cloverdale will back-up our claims by verification from third-party auditors. This may range from ISO 14001:2015 certification to a expanding our base of products certified for LEED credits to market.



Cloverdale Paint