



# Global Sustainability Report

*Specialists in high-performance materials development, custom molding + manufacturing*

# About Minnesota Rubber + Plastics

Quadion LLC., better known as Minnesota Rubber and Plastics, has built a world-wide reputation as a leading manufacturer for critical elastomeric and thermoplastic components and assemblies. MR&P serves diverse end markets which include Medical Device, Automotive and Transportation, Water, and Food & Beverage, and is well known for its ability to provide cost-effective solutions to technically demanding applications.

Since 1945, MR&P has been recognized for its unique science-based approach, making it a preferred manufacturing partner for industry leaders in North America, Europe and Asia.

In 2018, global investment firm KKR acquired Quadion Corporation, providing environmental, social, governance, and performance insight and oversight ([kkresg.com](http://kkresg.com)).

## Capabilities Overview

We specialize in horizontal and vertical injection molding, LSR molding, transfer molding, compression molding and over-molding for your most critical applications.



# Global Manufacturing + Supply Chains

MR&P is headquartered in Plymouth Minnesota USA, with facilities in USA, Mexico, Europe, and China that produced directly or through partners over 848 million parts across almost 14 thousand items in the last full reporting year, 2020.



# CEO Statement

## Dear Reader,

We recently celebrated our 75th anniversary from humble beginnings in late 1945. Our business is guided by a strong belief in human ingenuity. Our valued customers collaborate with us to use our collective creativity, problem-solving and unique skills to create products that produce outcomes that have positive impacts on people around the world every day. Our unique business focus on elastomer and thermoplastics materials science, in designs that can't fail, brings essential and innovative products to the market faster. In 2020 we spent considerable energy and resources to keep our employees safe and healthy as COVID-19 spread across the world. As the year progressed our business rebounded and we grew to record high sales as we proved our resilience for our customers in the face of uncertainty. Our partnership with these customers leads to powerful impacts on our world.

## Improving our Sustainability

As a manufacturer of critical parts and components that serve a wide range of end-markets we positively impact the Customers, the people they serve, and the environment. We make parts that help bring medical solutions to patients that improve outcomes, that allow vehicles to run more efficiently enabling a cleaner environment, and that helps supply clean water to people across the globe. We have been focused on serving markets that reduce the reliance on carbon fuels, we have invested in equipment and infrastructure at our factories that reduce power consumption, and this year we learned the positive impact we can have on the environment through a project that significantly reduced nitrogen usage and our carbon footprint.

## Focus on the Future

Our closest Stakeholders, Employees and Customers, have responded positively to our focus and efforts to be good stewards of natural resources we use. Employees recognize that through good product design, improvements in machine efficiency, reduction of scrap, and many day-to-day activities we can reduce emissions and waste. As we enter 2021 we are targeting projects outlined below to further promote our Environmental, Social and Ethical responsibilities. We're invested in continually pushing the boundaries of materials science. And we value customer collaboration. Our new Innovation Center, opening in the spring of 2022, is founded on these beliefs and provides our customers and our own innovators with the integrated resources to bring amazing new products to life. The innovation center will allow us to explore a full range of materials and process science techniques that meet our Customers' design needs while, balancing the long term impact of the material choice on the environment.

— **Jay Ward, CEO**



# Sustainability Principles

MR&P supports the principles of the United Nations Global Compact and has communicated our policies and practices to address those universal principles in our Business Ethics and Standards of Conduct Policy, Quality and Environmental Systems Manual, and Supplier and Subcontractor Development Procedure.

Based on materiality and aspects and impacts analysis, MR&P has policies and objectives that align with the following UN Sustainable Development Goals.

- Providing a safe workplace, health insurance, and health promotion at all company locations.
- ■ Promoting equal employment opportunities and prohibiting discriminatory practices.
- Meeting water treatment requirements at each factory. Developing world-leading chlorine and chloramine resistant material that meet the leading international water regulations.



- Developing tight tolerance components with micron-level dimensional control for optimal performance of engine systems, significantly improving vehicle fuel efficiency. Producing sealed connector systems for electric vehicles.
- ■ Promoting worker health and safety and accident elimination, investing in 3rd-party safety assessments and implementing safety control interlocks. Assessing and addressing supply chain risk for forced and child labor. Providing competitive wages, employee ownership, and employee development opportunities.
- Investing in new equipment using electric rather than hydraulic systems to lower energy consumption. Improving energy efficiency at each facility by replacing fluorescent and sodium vapor lamps with LED. Global objectives to reduce scrap and waste.
- Taking steps to measure, report, and reduce greenhouse gas emissions.
- Identifying and assess risks of conflict minerals in supply chains by identifying suppliers of 3TC metals (Tin, Tantalum, Tungsten and Gold) and designing a process of necessary due diligence for those suppliers. Implementing anti-bribery and corruption compliance program.

- Good Health + Well Being
- Gender Equality
- Reduced Inequalities
- Clean Water + Sanitation
- Affordable + Clean Energy
- Decent Work + Economic Growth
- Responsible Consumption + Production
- Climate Action
- Peace + Justice Strong Institutions



## Risk Evaluation + Management

MR&P's primary impact is associated with the extraction, production, and transportation of materials, including associated greenhouse gas emissions throughout the value chain, along with scrap and waste associated with the production process. These impacts are managed through our ISO 14001 environmental system.

MR&P's primary sustainability risk is associated with potential new Substances of Very High Concern (SVHCs) as defined in the REACH directive. MR&P takes a precautionary approach, monitoring emerging changes to the SVHC list to identify and implement alternative formulations that will meet customer specifications and approval requirements, and we use a third-party service to collect and manage supplier material content disclosures.

Potential social and governance risks in our supply chain are monitored using a third-party service, as described below in this report, and any concerns that might be identified are managed according to our supplier and subcontractor development process.

## Leadership Process

MR&P's direct governance is through a CEO and executive staff, who have direct decision making responsibility on economic, environmental, and social policies.

Those policies are implemented and monitored by representatives within the finance, human resources, engineering, and operations functions, with sustainability performance reported back to the executive staff through monthly or annual reviews depending on risk and any adverse events.

## Boundaries, Reporting + Materiality

Reporting topics were determined using the SASB Materiality Map for the Industrial Machine & Goods segment. The Materiality Map identifies Energy Management, Employee Health and Safety, Product Design & Lifecycle Management, and Materials Sourcing & Efficiency as focus areas. MR&P, as primarily a contract manufacturer, has limited impact on Product Design & Lifecycle Management outside of support of our customers who have design and market responsibility.

Additionally, social risk was assessed based on the US Department of Labor List of Goods Produced by Child Labor, which lists the type of goods produced in specified countries or areas that have a significant risk of being produced by either child or forced labor. None of the types of goods on this list in the countries from which Minnesota Rubber and Plastics produces or procures are relevant to Minnesota Rubber and Plastics products.



## Values + Policy

Minnesota Rubber & Plastics values teamwork, innovation, urgency and integrity and has a commitment to quality and quality system compliance in both our products and employees.

<p><b>Customer First Quality Policy</b></p>	<p>MR&amp;P is committed to providing goods and services that meet or exceed customer expectations through conformance with customer specifications including product safety, reduced process variation, and continuous improvement.</p>
<p><b>Innovation</b></p>	<p>At our core we are rooted in innovative solutions that enable our customers to meet their business goals with an overriding commitment to quality</p>
<p><b>Team</b></p>	<p>We operate as a high performance global + diverse team that celebrates success and aspires to reach new heights</p>
<p><b>Urgency</b></p>	<p>We think and act with a sense of urgency</p>
<p><b>Integrity</b></p>	<p>We deal openly, truthfully + accept accountability to our stakeholders, and act as good corporate citizens through environmental, social, and governance practices.</p>
<p><b>Environmental Policy</b></p>	<p>Minnesota Rubber &amp; Plastics is committed to demonstrating stewardship in protecting the environment to achieve minimal adverse impact on the air, water, and land. We believe that environmental protection is a fundamental responsibility of every Minnesota Rubber &amp; Plastics employee. Minnesota Rubber &amp; Plastics recognizes and exercises our stewardship responsibilities by committing to the following guidelines:</p> <ul style="list-style-type: none"> <li>• Minimizing the generation of waste as a consideration in research, process design, and plant operations.</li> <li>• Promoting energy conservation and reduction activities.</li> <li>• Preventing hazardous spills and complying with all applicable environmental requirements.</li> <li>• Communicating openly with employees and others working on behalf of the organization on environmental issues.</li> <li>• Improving continuously in the prevention of pollution.</li> </ul>

Review of Customer, Innovation, Team, Urgency, and Integrity Values is performed annually with each salaried employee as an integral part of performance reviews, and the Values are focus topics at quarterly employee involvement meetings (EIMs).

# Environmental

## Energy Consumption

MR&P facilities used gas or fuel oil to heat buildings, and electricity for lighting + equipment operation.

### Energy source

Natural Gas

Propane

Distillate Fuel Oil No. 2

Grid Electricity

Combined

This results in a direct facility energy intensity of 131.0 Kilojoules per unit produced.

### Gigajoules

6502

540

1928

102173

111404



## Greenhouse Gas (GHG) Emissions

MR&P's traceable scope 1 GHG emissions were due to natural gas or fuel oil combustion for heating (Scope 1 Stationary Combustion), company vehicle use for employee travel or transfer of goods between facilities (Scope 1 Mobile Combustion), and dry ice used in operations (CO2 sublimation). Emissions reporting is derived using the Greenhouse Gas Protocol GHG Emissions Calculation Tool including all reportable gases, and establishes the base year 2020.

Activity Type	2020 (tonnes)
Stationary combustion	494.53
Mobile combustion	36.15
Fugitive emissions (dry ice/CO2 cleaning)	316.31
Scope 1 - Total	847.00

MR&P's scope 2 GHG emissions were due to grid electricity usage across facilities. Emissions reporting is derived using the Greenhouse Gas Protocol GHG Emissions Calculation Tool (and the report "2010\_Tamaulipas\_Greenhouse-Gas-Emissions-in-Tamaulipas-and-Reference-Case-Projections-1990-2025") including all reportable gases, and establishes the base year 2019.

Activity Type	2020 (tonnes)	2019 (tonnes)
Purchased electricity - market based	13405.50	14707.35

Scope 3 large freight miles were available for 2020, which constitutes about 66% of total freight miles, and reported using the Greenhouse Gas Protocol GHG Emissions Calculation Tool as:

Activity Type	2020 (tonnes)
Upstream transportation + distribution (large freight)	307.92

2020 GHG emissions intensity is reported for scope 1, 2, and partial 3 combined emissions as a ratio of total quantity of pieces produced.



Activity Type	2020
Scope 1-2, & 3-large-freight (CO2e tonnes)	14560.43
Intensity (tonnes/piece)	1.717E-05

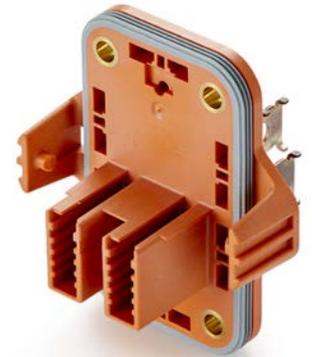
Additional Scope 3 emissions were calculated using the GHG Protocol Quantis scope 3 screening tool, as an initial basis for identifying action areas. 77% of emissions calculated from this method were from the category Purchased Goods & Services - Direct suppliers

Activity Type	2020
Additional Scope 3 (CO2e tonnes)	32,807

## Reduction of Energy Consumption + GHG emissions

MR&P continues to invest in updates and new equipment with improved efficiency.

- MR&P’s Plymouth facility converted to LED lighting in 2019, resulting in a calculated annual savings for 2020 and beyond of 162,389.2 kWh or 584.6 GJ.
- MR&P’s Litchfield facility converted to LED lighting in 2020, resulting in a calculated annual savings for 2021 and beyond of 386,754 kWh or 1392.3 GJ.
- MR&P’s Reynosa facility converted to LED lighting in 2020, resulting in a calculated annual savings for 2021 and beyond of 152,862 kWh or 550.3 GJ
- MR&P’s Mason City facility purchased a medium batch mixer to reduce small and medium batch material waste by 60% and reduce electricity consumption per kg.
- MR&P’s River Falls facility has invested each year in new molding equipment with lower energy consumption.



Liquid nitrogen (LN2) is used for cryogenic flash removal of elastomer parts. LN2 production is an energy intensive process, requiring 0.5 kW-hr/kg of LN2 (<https://stanford.io/3AKAfKg>). MR&P focused on optimizing LN2 transportation and use within 2 plants to eliminate LN2 leaks and other waste. 2020 reduction across the 2 plants versus a 2019 baseline (adjusted to production volume) resulted in 162,619 fewer cubic meters usage, which calculates to 236,600 gigajoules of energy saved.

Based on grid average emissions factors in the regions where the LN2 is produced and used, and at the factories that implemented LED lighting, this resulted in the following emissions reductions in CO2e tonnes (not including reduced freight miles to refill the LN2 tanks).

Activity Type	2020
Scope 2 purchased electricity reduction from LED conversion	342
Scope 3 purchased electricity reduction from LN2	15217

## GHG Reduction Targets + Plans

MR&P has established GHG reduction targets following EPA guidance ([www.epa.gov/climateleadership/target-setting](http://www.epa.gov/climateleadership/target-setting))

### Target

Minnesota Rubber and Plastics commits to a 25% absolute reduction of scope 1, 2, and large land freight scope 3 global emissions by 2030 from 2020 levels.

### Strategy

Reduction will be achieved primarily through increased use of solar and/or wind energy for facility energy consumption, improved efficiency from continued conversion to LED lighting, technology change in CO2 cleaning process, and production yield improvements, with additional potential from equipment technology investments.



## 4-year Plan

- 2021** LED lighting realization at 2 plants  
CO2 cleaning technology change at 1 plant
- 2022** LED lighting implementation at 3rd plant  
CO2 cleaning technology change at 2nd plant  
Site solar for one plant  
2.5% global average yield improvement
- 2023** LED lighting implementation at 4th plant  
2.5% global average yield improvement
- 2024** Site wind or solar for one additional plant  
2.5% global average yield improvement



## Material Use, Disposal + Environmental Compliance

MR&P monitors and manages waste-related data through monthly reporting according to our ISO 14001 management system. Plants manage up to 5 waste streams, depending on their product mix and plant amenities:

- Recycling (all facilities)
- Regrind (plastics facilities)
- Compost (facility with restaurant/cafeteria)
- Non-hazardous waste disposal (all facilities)
- Hazardous waste disposal (facilities with chemical part-cleaning baths)



The primary materials used in our business are various polymers used to mold parts for MR&P customers, totally 1047.8 metric tons in 2020.

Scrap and waste are generated in the molding processes from material needed in the injection and transfer processes (mold sprues, transfer pads, runners) and from molding and secondary operations yield loss, resulting in the generation of non-hazardous waste.

MR&P factories generated 665.7 metric tons of scrap and waste in 2020 from molding runners, sprues and pads, and from process yield, a 23.1% reduction in relation to the material requirements planning.



# Environmental

To the extent possible, plastic runners are internally or externally recycled. Recycled material can be used in some plastic applications but is limited by customer contracts based on the part application, and by availability of suitable runner material.

0.6 metric tons of plastic was internally recycled and used to manufacture finished parts.

Additionally, the following material was diverted from disposal into 3rd-party recycling:

- 63.15 metric tons of non-hazardous plastic runners, scrap , and purge material
- 238.22 metric tons of non-hazardous elastomer material
- 109.2 metric tons of general recycling

Some over-molded components require cleaning prior to molding, producing a hazardous chemical waste that needs to be reclaimed, and with residuals properly disposed by licensed processes to prevent impacts to land or water. Tool and equipment cleaning and maintenance produces additional waste requiring hazardous disposal.

2020 weights and estimates for waste directed to disposal were 117.9 metric tons of hazardous waste, and an estimated 1149.9 metric tons of non-hazardous waste, through licensed contractors. MR&P has had no fines, citations or other notices of non-compliance to environmental laws or regulations.



# Social

## Employees

MR&P employees are 99% permanent, with 99% of those being regular full-time status.

	Regular		Part Time		Temporary		TOTAL
	Male	Female	Male	Female	Male	Female	
TOTAL	772	469	5	8	11	5	1270

### Corporate leadership age + gender diversity

Age group	Male	Female
30-49	22%	—
50+	67%	11%

### Employee age + gender diversity

Age group	Male	Female
18-29	13.0%	7.2%
30-49	36.1%	21.9%
50+	12.4%	9.4%



## Safety

Our employees work around heavy machinery, which poses safety risks that are continually evaluated.

Each MR&P facility has occupational health and safety management systems integrated into their planning and operational processes and compliant to their national and local occupational health and safety regulations, and these are also globally directed based on OSHA requirements. These requirements cover all employees, contractors, and visitors as applicable to their work, and common elements across sites include:

- Job safety analysis, with focus on risk elimination
- Company provided and required personal protective equipment
- Safety-first objectives in daily management and executive management review
- Material safety data sheet communication
- Periodic inspection by third-party loss control specialists
- Mandatory periodic safety training
- Evacuation drills

A global Job Safety Analysis (JSA) database is maintained to share hazards and procedures for each type of job, with over 370 JSAs in place.



# Safety

Safety training is conducted by company trainers, and by 3rd-party safety consultants who are workplace safety experts delivering presentations designed to engage with employees and encourage participation and information retention.

Training topics include, as applicable to the site and operation:

- Ergonomics and proper lifting
- Fork-lift operation
- Evacuation
- Fire prevention and fire extinguishers
- Job hazard identification
- Chemical handling



MR&P sites had 0 fatalities and 9 recordable work-related injuries, inclusive of 1 high-consequence injury, in 2,341,589 hours worked. This results in a recordable incident rate of 0.769 and a high-consequence rate of 0.085, using a 200,000-hour basis for rates.

An investigation is conducted immediately after any incident occurs. Root-cause resolution is communicated across all company sites and common solutions are implemented where the incident exposes a residual risk at other locations.

## Healthcare

All employees have access to a healthcare benefit subsidized by the company.

Additionally, 34% of employees are enrolled in a health plan that includes a health incentive program that rewards employees for the healthy behaviors of being active, getting enough sleep, and tracking what they eat; this plan is administered through our health care provider and employees who meet the requirements receive deposits to their Health Spending Accounts.

Another 40% of employees are at a site that has onsite medical care at no cost to the employees. We conduct annual health fairs open to the employee's and their families. The health fairs focus on healthy behaviors and offer health screenings.

## Development

Every employee is to receive an annual performance review as well as regularly meet with their supervisor to discuss set goals and objectives, performance and training/development plan. We believe regular performance conversations and formal reviews are an important part of each individual employee's professional development and our overall organizational planning.

Performance review reports were completed and filed for 98.6% of employees in 2020. We have had no reported incidences of discrimination. We do have a process in place to report and follow-up on any incidences should they occur.

## Human Rights

MR&P does not hire any employees under the age of 18 at any of our worldwide facilities. Using the US Department of Labor List of Goods Produced by Child Labor or Forced Labor MR&P does not produce or procure items in regions that are at significant risk for incidents of child or forced labor.

## Governance

### Concerns + Ethics Hotline

MR&P's Employee Handbook describes ethical conduct requirements for all employees. The Handbook encourages open and honest communication and provides multiple paths to raise concerns about conduct and violations of laws or policies, including management chain, Human Resources, and anonymous reporting through a reporting hotline.

Posted information lists potential business ethics hotline uses to report concerns regarding:

- Theft
- Accounting/Auditing
- Sabotage/Vandalism
- Substance Abuse
- Conflict of Interest
- Money laundering
- Fraud/Embezzlement
- Unsafe Working Conditions
- Falsification of Contracts/Written Documents
- Discrimination or Harassment
- Child labor, forced labor, or trafficking

### Ethics + Anti-corruption communication + training

Each year all MR&P employees received communication on anti-corruption and business ethics policies and procedures through review of the Business Ethics and Standards of Conduct section of the Employee Handbook, covering:

- Honesty
- Promises
- Pricing
- Business Courtesies
- Bribes
- Reporting
- Conflicts
- Confidentiality
- Equal Opportunity
- Safety and Health

Governance body members and professional and management team members additionally review and acknowledge these MR&P policies and agreements:

- Business Ethics and Standards of Conduct Policy
- Proprietary Information Agreement
- Anti-bribery and Anti-corruption Compliance Policy

All governance body members and 99.8% of all employees signed an acknowledgment and agreement to the policies for 2020.

For 2021, executive and plant leadership, along with human resources, and supply chain staff, are to complete a training program and knowledge assessment that includes the areas of Child Labor, Forced Labor, Freedom of Association, Harassment and Discrimination, Health and Safety, Wages and Benefits, and Working Hours, Environmental Responsibility and Business Ethics.



## Governance Compliance

MR&P has had no incidents of corruption, legal cases, or other non-compliance regarding corruption, anti-competitive behavior, anti-trust, monopoly practices, or otherwise in the social and economic area.

## Privacy + Non-disclosure Compliance

MR&P has had no complaints or identified incidents of data breaches or losses of customer data. To mitigate risk in this area, MR&P performs regular 3rd-party:

- Cyber security training, which covered for 398 employees who used networked computer systems
- IT systems vulnerability scans, utilizing the Common Vulnerability Scoring System (CVSS) and other methods
- Random phishing security tests, demonstrating a 67% risk reduction during the initial 3 months

## Supply Chain

Our global suppliers provide us commodity chemicals and minerals for our elastomer mixing operation, plastic resins and compounded elastomers for molding, various metal pieces that are over molded, and other parts for assembly.

## Supplier Environmental Conformance

MR&P custom direct material and service providers are evaluated for environmental systems during the selection process. Of the top 55 suppliers constituting 90% of spend:

- 55% are ISO 14001, NACD (National Association of Chemical Distributors Responsible Distribution), or RCMS (Responsible Care Management System) registered
- 15% of the remaining have an environmental policy and system
- 68% of the remaining have provide a no conflict minerals declaration and RoHS/REACH declaration support

While MR&P has identified no current suppliers who are carbon neutral, no suppliers have been identified as working outside of current environmental regulations and norms.



## Supplier Social + Environmental Responsibility

All MR&P direct material and services or freight suppliers who are in the top 80% of 2020 MR&P spend were assessed for published sustainability reporting.

MR&P targets and performance for the above population is listed below, with an objective to close the gap-to-100% by 10% of past-year actual gap annually

Document	Target Response Rate	2020 Rate
Published sustainability policy or report, or survey assessment response	70%	63%*
For plating, coating, or chemical suppliers, ISO 14001, NACD, or Responsible Care Management System® (RCMS®) registration certificate or sustainability report/assessment response	80%	66%
Greenhouse gas emissions status (GHG) response	50%	32%

MR&P has requested suppliers who have not published a sustainability report to complete an MR&P ESG Sustainability survey.

\*Supplier published policy or report breakdown is:

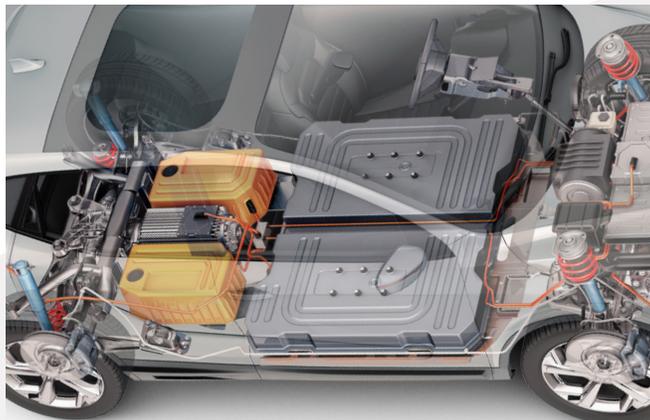
- 32% publish a sustainability report (GRI, SASB, or other)
- 5% have NACD Responsible Distribution certification
- 26% without sustainability reports publish their sustainability policies, positions, and/or initiatives

## Supplier Social + Governance Monitoring

All MR&P suppliers are monitored using a watch list screening service to check individuals, businesses and countries against government and non-government most current restricted, denied, or prohibited party lists.

No MR&P suppliers have been flagged through this reporting.

One MR&P supplier was identified through audits as having a potential safety concern associated with breathing airborne particulate of a certain metal, and this concern was resolved with the supplier through consultation and remediation.





Contact us today **to learn more**

Our Global Manufacturing + Supply Chains  
Put You Closer To Your Customers

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