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# COMMUNICATION ON PROGRESS 2022

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United Nations Global Compact



# Contents

Statement of support..... 2

Human Rights ..... 3

Labour ..... 4

Environment ..... 7

Anti-Corruption..... 9

Measurement of Outcomes .....10

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## Statement of support

Dear Mr. Secretary-General,

I am pleased to confirm that Solex Thermal Science Inc. supports the Ten Principles of the United Nations Global Compact on human rights, labour, environment and anti-corruption. With this communication, we express our intent to implement those principles. We are committed to making the UN Global Compact and its principles part of the strategy, culture and day-to-day operations of our company, and to engage in collaborative projects which advance the broader development goals of the United Nations, particularly the Sustainable Development Goals. Solex Thermal Science Inc. will make a clear statement of this commitment to our stakeholders and the general public.

We recognize that key requirement for participating in the UN Global Compact is the annual submission of a Communication of Progress (COP) that describes our company's efforts to implement the Ten Principles. We support public accountability and transparency, and therefore commit to report on progress. This includes:

- A description of practical actions (e.g., disclosure of any relevant policies, procedures and activities) that our company has taken (or plans to undertake) to implement the UN Global Compact principles in each of the four issue areas: human rights, labour, environment and anti-corruption
- A measurement of outcomes (e.g., the degree to which targets/performance indicators were met, or other qualitative or quantitative measures of results).

Sincerely yours,

Lowy Gunnewiek, Chief Executive Officer  
Solex Thermal Science Inc.

# Human Rights



## RELATED SDG GOALS:

### #5. GENDER EQUALITY

Solex Thermal Science is committed to our stakeholders. We know they are the heart of our business. We foster a culture where all employees are treated with dignity and respect, and we extend that to our vendors and customers.

It is important for all employees at Solex to maintain high moral and ethical standards. Everything we do in connection with our work at Solex is measured against the highest possible standards of ethical business conduct. Our commitment to high standards helps us hire great people, design, build and implement great technology-based solutions and attract loyal customers. These standards are set out in our employee Code of Conduct, which covers the following areas:

- General principles
- Professional conduct
- Use of company and customer property, information and resources
- Personal conduct
- Compliance with laws and regulations
- Obligation to report breaches

### *Diversity and inclusion*

Solex believes that diversity is an asset and is linked to better economic performance. It is an integral part of our business and imperative to commercial success. Our objective is to embrace and learn from the diversity of our employees and customers.

We define workplace diversity as the variety of differences among employees in an organization. It is an understanding that every individual is unique. Employee differences can include ethnicity, gender, sexual orientation, age, disability, family status, religious beliefs, experience and other ideologies. Furthermore, we recognize that our employees need to reflect on our customers and local communities.

The following company objectives govern our diversity strategy:

- **Equal opportunity:** Solex is an equal opportunity employer. This includes business activities such as hiring, training, compensation, promotions, transfers and terminations. We do not engage in discriminatory practices and instead believe in rewarding individuals based on their contributions to the company.
- **Workplace respect:** Solex has a strong stance on workplace respect. We foster an environment and culture of inclusion and respect. This includes respecting our customers, our co-workers and ourselves.

# Labour



## RELATED SDG GOALS

### #3. GOOD HEALTH AND WELL-BEING

#### *Employee compensation and benefits*

Solex seeks to attract and retain top talent by providing competitive compensation and benefits that reward performance and allow all employees to share in our company's success. Benefits for all employees, full- and part-time, include:

- Company-paid comprehensive medical coverage.
- Incentive pay (cash compensation) is intended to reward behavior that contributes to specific measurable results that are aligned with Solex's business objectives.
- Educational opportunities.
- Wellness programs, including access to mental health and employee assistance programs.
- Leave of absence, sick leave and maternity, parental and adoption leave policies.
- Unlimited vacation for full-time employees.
- Retirement savings matching.

#### *Employee engagement*

Solex recognizes that to attract, retain and engage employees, we must have competitive pay and benefits programs combined with a great work environment. To this end, we seek to benchmark our progress through an employee engagement survey. Recent findings include:

- 100% of respondents reported they know what is expected of them at work, and their supervisor, or someone at work, seems to care about them as a person.
- ~84% said, separately, that they have the materials, equipment and team support to complete their work more effectively; and the mission/purpose of Solex makes them feel their job is important.
- 79% reported that they have an opportunity to do their best every day; their co-workers are committed to doing quality work; and Solex's purpose and objectives are communicated clearly and consistently.
- 76% said their opinions seem to count; and they've had opportunities to learn and grow.

#### *Health and safety*

Health and safety are core values at Solex that start with our organizational leaders and extend to everyone involved in the various aspects of our business. Our commitment to safety is integrated into our operations through our Code of Conduct, safety policy, corporate strategy and risk matrix, procedures, equipment, tools and inspection and preventative maintenance programs.

Our operations in both Canada and The Netherlands operate comprehensive and annually reviewed safety programs, each focusing on reducing risks to employees as they conduct their daily work activities in their respective work environments.

Risks at our fabrication shop in The Netherlands are managed through procedures, PPE, safety leadership and experience of employees on the shop floor. Fabrication shop safety aspects include:

- Heavy lifts (up to 12T) using forklifts, overhead and gentry cranes.
- Material movement using dollies, light forklifts and vacuum lifts.
- Moving equipment traffic, including various forms of shipping.
- Metal work such as cutting, welding and bending.
- Working at height (e.g., ladders, scissor lifts, mezzanines).

In addition to the safety aspects associated with activities at the shop, there are many other aspects of our business that present risks to employees — which must be assessed and managed:

- Safe handling (including forklift use), storage, testing, and disposal of product samples at the laboratory.
- Travel to and within countries around the world.
- Onsite work including performance assessment, pilot testing, maintenance work (e.g., plate replacement), commissioning and start-up.

We assess and manage these risks by diligently completing travel hazard assessments (THAs), conducting material assessments (for lab work), on-site field level risk assessments (FLRAs) and practising “active safety” in our work environments.

The following list provides additional examples of health and safety continuous improvement initiatives undertaken over the past 12 months:

- Comprehensive review and revisions to corporate safety policy.
- Updates to our pre-plant visit hazard assessment protocols.
- New zoning protocols in our Calgary-based laboratory.
- Updates to working alone protocols that includes remotely monitored cameras in the laboratory.
- Adaptions to travel guidelines to align with government-mandated protocols.

### *Communications and reporting*

Frequent, proactive and transparent communication is critical to achieving our company’s goals and objectives. We believe that keeping employees informed about key issues and progress updates will enable well-rounded, superior performance throughout our operations.

Solex utilizes various methods and formats to deliver information to our employees in key timeframes, including:

- **Annually:** Employee bulletin.
- **Quarterly:** Employee town halls, safety committee, board of directors.
- **Monthly:** Employee newsletter.
- **Weekly:** Employee pulse check, operations team leadership meeting, design planning meeting, engineering team meeting, Corporate Services meeting, global field team meeting.
- **Daily:** Stand-up meetings.

### *Training and development*

Solex recognizes that continuous training and development is a critical part of our company’s ongoing success. We maintain a formal onboarding program for new hires with the company. This is complemented by an annually reviewed and incentivized goal-setting initiative meant to encourage employees at all levels of the organization to further their skills development.

In addition, we offer a variety of formal and informational training opportunities throughout the year to keep employees up to date with the latest tools tied to both their job responsibilities and corporate health and safety protocols. This includes:

- Marketing and sales training.
- Professional development training.
- Supplier-hosted workshops.
- Safety reviews, which includes forklift training.
- First-aid certification.

#### *Work-life balance*

Solex promotes work-life balance through workplace flexibility. Our company offers a flexible schedule in which employees have options to be present at our offices (or online from their remote work location) for core business hours, contributing to work-life balance and job satisfaction.

Throughout COVID-19, Solex promoted additional flexibility for our employees, including enhanced work-from-home solutions, additional flexible hours and enhanced opportunities to ensure and promote mental health.

In addition, Solex recognizes the need for all employees to have annual vacation time for rest, recreation and a change of pace. Ensuring that our employees have a healthy work-life balance is an important part of our people strategy and will be encouraged throughout the organization. As such, full-time employees are afforded the flexibility to take vacation as needed. Vacation is not limited provided work duties are fulfilled, deadlines are met and the business is not negatively impacted. Solex has also set minimum vacation days based on length of service.

#### *Discrimination and harassment*

Employees are expected to conduct themselves in a manner that does not have an adverse impact on the work environment, including company-sponsored functions both on and off Solex premises.

Solex prohibits discrimination, harassment and bullying in any form – verbal, physical or visual. Employees who believe they have been bullied, harassed or discriminated against by anyone at Solex, or by a Solex customer or supplier are strongly encouraged to immediately report the incident to Human Resources.

## Environment



### RELATED SDG GOALS:

#6. CLEAN WATER AND SANITATION

#7. AFFORDABLE AND CLEAN ENERGY

#9. INDUSTRY, INNOVATION AND INFRASTRUCTURE

#12. RESPONSIBLE CONSUMPTION AND PRODUCTION

#13. CLIMATE ACTION

Solex's commitment is to better our world by helping our customers across the globe to reduce the impact of their operations on the natural environment.

Throughout our company's history, we have transformed the processes of cooling, heating and drying bulk solids — and the design and fabrication of customized supporting equipment. We have done this by working with customers to deliver simple, robust and energy-efficient solutions that have reduced not only operating costs but the environmental impact of their operations.

### *Embodied carbon*

From raw material extraction to manufacturing, transportation, operation and end-of-life recycling or disposal, our technology minimizes both cradle-to-gate and cradle-to-grave carbon emissions.

In fabrication, Solex utilizes high-quality drawing packages and close working relationships with local suppliers to minimize the risk of errors and energy-intensive rework. Our use of high-strength, quality steel also minimizes material usage, while laser etching of parts optimizes welding time and reduces energy usage.

During project delivery, Solex has developed a lower emissions supply chain that includes:

- Purchasing products from companies with ESG strategies that align with Solex's.
- Sourcing as many components locally as possible for fabrication in The Netherlands – such as raw steel products from Finland or hoses from Germany – to reduce the total number of equipment kilometers travelled.
- Lowering the emissions associated with shipping purchased items by utilizing greener transportation options when available.
- Reducing packaging materials.

In addition, Solex is focused on diligent project execution planning and management of inventoried parts that allows us to reduce the number of part shipments (and "last-minute" shipments). Diligent project execution planning ensures a high-quality product while reducing waste and the need for rework, which consumes energy in many forms.

Once in operation, our moving bed heat exchange (MBHE) technology is purposefully encased in a compact, vertically oriented unit that requires minimal moving parts and, by association, low operating power requirements. In most applications, the process, which is gravity-driven, uses up to 90% less energy than direct-contact MBHE technologies such as fluid beds and rotary drums.

In addition, a minimal air flow requirement relative to competing technology results in only a small fraction of contaminated air and fine particulate that must be treated prior to being emitted to the environment. The gentle handling of slowly free-flowing granulated solids as they are gravity-fed through our units virtually eliminates product abrasion, minimizing the creation of fines and dust that must be handled, treated, or enter the ambient environment in the plant.

Continuous improvement of designs through design reviews, structural and finite element analysis (FEA) and customer and fabrication shop feedback aims to further minimize the overall mass of raw material required for fabrication of Solex equipment.

### *Our fabrication operations*

Our commitment to environmental responsibility does not end with our technology. It can also be traced back to how we operate. Our 4,000-square-metre fabrication facility in Haaksbergen, The Netherlands is equipped with state-of-the art sustainable technology designed to reduce our carbon footprint, including:

- 1,250 solar panels.
- LED lighting.
- High-efficiency insulation.
- Low-temperature floor heating.

Of note, our use of solar technology is estimated to save more than 315 tonnes of carbon dioxide from being emitted annually – the equivalent of more than 16,000 planted trees!

Our commitment to environmental stewardship is similarly reflected at our Calgary-based laboratory and corporate offices. In the lab, staff are required to follow strict protocols to ensure safe shipping, receiving, handling and use during testing of hazardous materials. MSDS are also provided and reviewed. Meanwhile, our corporate offices operate a program that recycles, composts and reduces the use of single-use products.

## Anti-Corruption



### RELATED SDG GOALS:

#10. REDUCED INEQUALITIES

#16. PEACE, JUSTICE AND STRONG INSTITUTIONS

#17. PARTNERSHIP FOR THE GOALS

Solex is committed to maintaining the highest levels of professional and ethical conduct. We operate a strict anti-corruption policy that is designed to prevent any form of corruption from occurring, and includes a zero-tolerance policy for any behaviour that is considered corrupt.

Our standard terms and conditions highlights that Solex and any buyer at the date of an agreement have not offered, promised, given, authorized, solicited or accepted any undue pecuniary or other advance in connect with the agreement; and that reasonable measures have been taken to prevent subcontractors and third parties, subject to their control, from doing so.

In cases that involve the use of a customer's terms and conditions, Solex follows their respective anti-corruption and anti-bribery clauses in which breach of those terms can result in termination of the contract and monetary damages due to the cancellations.

Solex also adheres to government sanction requirements, and performs due diligence checks on customers and the key decision-making individuals within those corporations. When applicable terms are presented, Solex warrants that, upon entering the contracts, there are no conflicts of interest regarding the parties to the agreement.

Members of our global agent network are similarly required to enter into respective sales representative agreements with Solex that mandate each participating member follow strict anti-bribery and anti-corruption policies. Solex maintains a corporate risk register, and has identified the management and monitoring of new and existing agents, their association and reputation as a risk. The register also lists mitigating measures in place.

For employees, Solex operates a comprehensive Code of Conduct that highlights our company's policies relating to conflicts of interest, anti-bribery, fair dealings with third parties, fraudulent activities and dealings with government officials. Compliance with all laws that apply to the business of Solex and its customers is required. The policy states that employees have a responsibility to know what the law requires and understand the importance with complying with the laws. Individuals involved, and the corporation, are at risk of significant fines or criminal prosecution if contravening these laws. The Code of Conduct highlights these risks.

Continuous improvement for anti-corruption:

- Better understanding of the anti-bribery and anti-corruption guidelines being followed by vendors.
- Improve education to employees, contractors and agents regarding anti-bribery and anti-corruption activities and how to ensure that best practices for avoiding these activities are being used.
- Communicate the importance of reporting breaches or misconduct – including the process for reporting.
- Identify the risk to Solex brand and reputation if identified as being involved in corrupt behaviour and include on the register.

## Measurement of Outcomes

Solex recognizes that continual improvement requires regular assessment of progress in meeting our company's targets. With this being Solex's inaugural year as a member of the UN Global Compact, we have chosen to both benchmark current initiatives, as well as outline future steps for progress. This comes in addition to the recent formation of a dedicated ESG committee to oversee progress on SDG-related initiatives.

### Human rights

#### *Benchmark:*

- Diversity policy highlighting Solex as an equal opportunity employer that abides by fair labour practices.
- Code of Conduct that governs professional and personal conduct; compliance with laws and regulations; obligation to report breaches.

#### *Next steps:*

- Update Code of Conduct to align with expectations for multiple jurisdictions where Solex operates and to be functional for any future M&A activity.

### Labour

#### *Benchmark:*

- Code of Conduct and a disciplinary process that governs discrimination and harassment.
- Fixed health and safety regulations that are governed by an overarching safety policy.
- Tools such as travel hazard assessments, material assessments and one-site field level risk assessments.
- Regular review of policies and standards by safety committee.

#### *Next steps:*

- Annual employee engagement survey.
- Annual review of employee compensation and benefits.
- Explore opportunities for safe manufacturing practices by maintaining safety training for all staff.
- Update Code of Conduct to align with expectations for multiple jurisdictions where Solex operates and to be functional for any future M&A activity.

### Environment

#### *Benchmark*

- Lower-emissions value chain.
- Project execution improvement initiatives.

#### *Next steps:*

- Set stretch goals to reduce our own carbon footprint.
- Continuous improvement initiatives aimed at further minimizing the overall mass of raw material required for fabrication of Solex technology.
- Continue to optimize our value chain through a procurement strategy that focuses on "local first" whenever possible to reduce the need for raw material transportation.
- Train staff in sustainability thinking and actions.
- Develop higher internal quality standards and processes to reduce waste and improve productivity. By better defining our processes and improving product documentation, data quality and information transfer, we aim to avoid rework and costs that are the result of poor quality.

### Anti-corruption

#### *Benchmark:*

- Solex has a zero-tolerance approach to corruption in all forms, documented in our Code of Conduct and anti-corruption policy.
- Sales representative agreements include strict anti-bribery and anti-corruption policies, as well as a corporate risk register.

#### *Next steps:*

- Continue to enforce through existing policy mechanisms and risk-management matrix.