

K-Bro Linen Inc. Sustainability Report 2023



Forward-looking statements

This report contains forward-looking information within the meaning of applicable securities laws. The use of any of the words “anticipate”, “continue”, “expect”, “may”, “will”, “project”, “should”, “believe”, and similar expressions suggesting future outcomes or events are intended to identify forward-looking information. Statements regarding such forward-looking information reflect management’s current beliefs and are based on information currently available to management.

These statements are not guarantees of future performance and are based on management’s estimates and assumptions that are subject to risks and uncertainties, which could cause K-Bro’s actual performance and financial results in future periods to differ materially from the forward-looking information contained in this report. These risks and uncertainties are detailed in our publicly filed documents. Although the forward-looking information contained in this report is based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. Certain statements regarding forward-looking information included in this report may be considered “financial outlook” for purposes of applicable securities laws, and such financial outlook may not be appropriate for purposes other than this report.

All forward-looking information in this report is qualified by these cautionary statements. Forward-looking information in this report is presented only as of the date made. Except as required by law, K-Bro does not undertake any obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances.

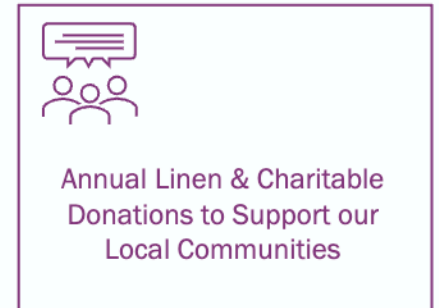
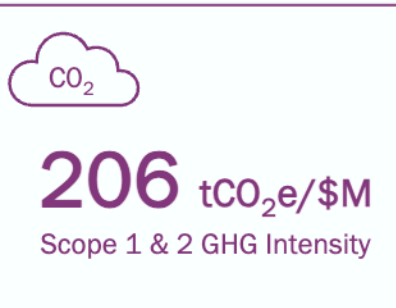
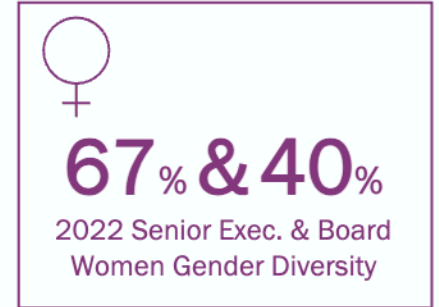
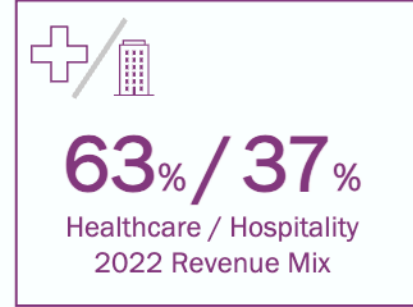
About K-Bro: Overview

Corporate Profile

K-Bro is the largest owner and operator of laundry and linen processing facilities in Canada. K-Bro provides a comprehensive range of general linen and operating room linen processing, management and distribution services to healthcare institutions, hotels and other commercial accounts. K-Bro currently operates ten processing facilities and two distribution centres under three distinctive brands, including K-Bro Linen Systems Inc., Buanderie HMR and Les Buanderies Dextraze, in ten Canadian cities: Québec City, Montréal, Toronto, Regina, Saskatoon, Prince Albert, Edmonton, Calgary, Vancouver and Victoria.

Fishers, acquired by K-Bro in 2017, was established in 1900 and is an operator of laundry and linen processing facilities in Scotland and North of England. Fishers provides linen rental, workwear hire and cleanroom garment services to the hospitality, healthcare, manufacturing and pharmaceutical sectors. Fishers' client base includes major hotel chains and prestigious venues across Scotland and the North of England. The company operates five sites with facilities in Perth, Newcastle, Livingston, Coatbridge, and Prestonhall.

Highlights



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About K-Bro: A History of Innovative, Responsible Growth

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State-of-the-Art Facilities

We value our extensive long-term customer relationships and invest in state-of-the-art facilities to serve customers for the long-term. K-Bro has always valued environmental stewardship and we invest in highly efficient, energy and cost reducing equipment from world-class manufacturers. Planned, energy efficient equipment redundancies ensure year-round reliability through the most demanding times. Space is optimized and computerized control systems oversee the many factors that impact quality, energy-use and cost.

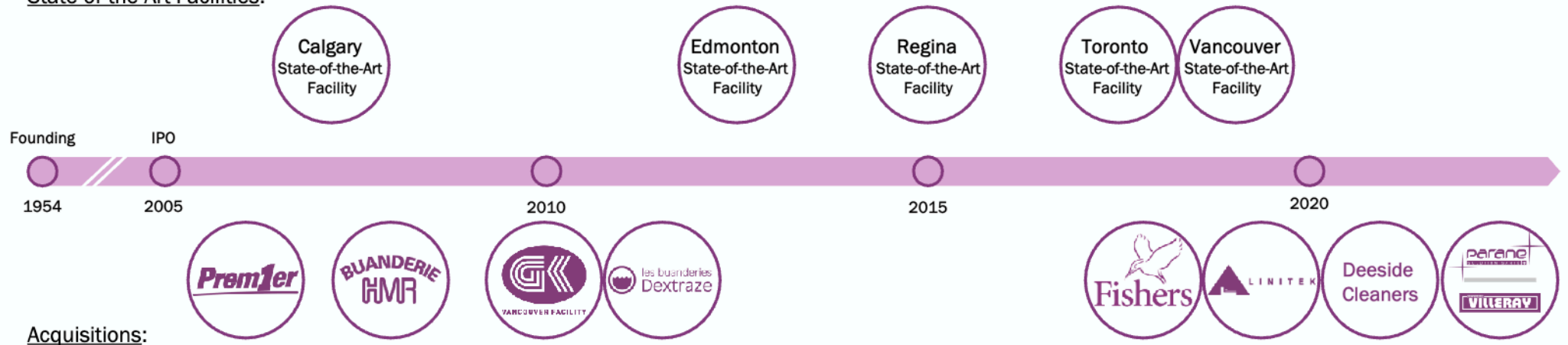
Investments & Refurbishments

Reinvestment in state-of-the-art equipment is a top priority for K-Bro. We are recognized as innovators in developing water and energy-efficient cleaning and drying systems. We are committed to continuous improvement in operating and energy efficiencies. We are an essential service provider, and our methods ensure outstanding laundry and linen services for all our valued clients 7 days a week, 365 days a year.

Acquisitions

Since our IPO, K-Bro has completed 8 acquisitions, ranging in size from tuck-in to larger acquisitions. We focus on high quality operators with leading market positions that share K-Bro's customer centric values. Acquisitions have provided us with operating efficiencies, capital expenditure synergies and significant growth capabilities. We have a long track record of integrating businesses and sharing best-practices across our platform.

State-of-the-Art Facilities:



Acquisitions:



Sustainability: About This Report

ESG Frameworks and Standards

K-Bro is supportive of the objectives of the Taskforce for Climate-Related Financial Disclosure (TCFD), the Sustainability Accounting Standards Board (SASB), and the United Nations Sustainable Development Goals (SDGs) and this report aligns with their frameworks and recommendations. Summaries of our TCFD and SASB responses are included in the appendix of this report. We monitor international standards and regulatory developments, including the work of the International Financial Reporting Standards (IFRS) Foundation's International Sustainability Standards Board (ISSB) and will continue to assess alignment of our ESG program with additional reporting standards in the future.

This Year's Report

This report is K-Bro's inaugural Sustainability Report. We intend to provide further details on our sustainability program, goals and targets in subsequent reports. The preparation of this report was overseen by K-Bro's Board of Directors and senior management.

Scope

Unless stated otherwise: (i) information in this report is presented as at, and for, the year ended December 31, 2022; (ii) information is presented on a consolidated basis for both the Canadian and UK divisions; (iii) all financial figures are in Canadian dollars (CAD). References to "we", "our", "us", the "Company", the "Corporation" and "K-Bro" refer to K-Bro Linen Inc. and its affiliates.

Materiality

Materiality in this report relates to the significance of environment, social and governance (ESG) topics and their potential impact on our business and stakeholders. ESG topics deemed material in this report, may not be material to K-Bro's operations, access to capital or market value. K-Bro engaged a reputable third-party ESG consultant to assist in canvassing internal and external stakeholders for our materiality assessment. Details related to the approach and identified material topics are available on pages 8 and 9 of this report.

Additional Information

Additional information related to K-Bro's business and sustainability program is available on our website www.k-brolinen.com.

Contact

If you have any questions related to this report, please contact Ryan Quirt at rquirt@k-brolinen.com.

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Inaugural Sustainability Report

I am pleased to share our inaugural report as the latest step in our sustainability program. This report highlights our continuous efforts to grow our business sustainably. We intend to publish sustainability reports annually to outline future goals and provide updates on our initiatives and progress.

Responsible, Innovative Growth

We are proud of our seven-decade history of responsible, innovative growth. While delivering industry-leading service, we have embraced our responsibility to society. We prioritize customer and employee relationships, environmental stewardship and creating positive impacts where we do business. We are excited to share our long-term strategy, as we contribute to progress in global sustainability efforts.

Sustainability Pillars

Putting people first, being dependable partners and embracing environmental stewardship have always been part of our culture. People, Partners and Planet are terms that are significant to our team and form the basis of our pillars to help us engage with stakeholders around sustainability.



Linda McCurdy
President & CEO

Partnership

Global sustainability action relies on partnership and collaboration to truly be successful. We value input from our stakeholders and have incorporated their priorities in our materiality assessment. We look forward to working with all our stakeholders to align around common goals.

Commitment

This report marks an important milestone for K-Bro. We have always prioritized being responsible corporate citizens and are excited to extend our current best practices into our long-term program. We look forward to providing annual updates on our progress.

Transparency

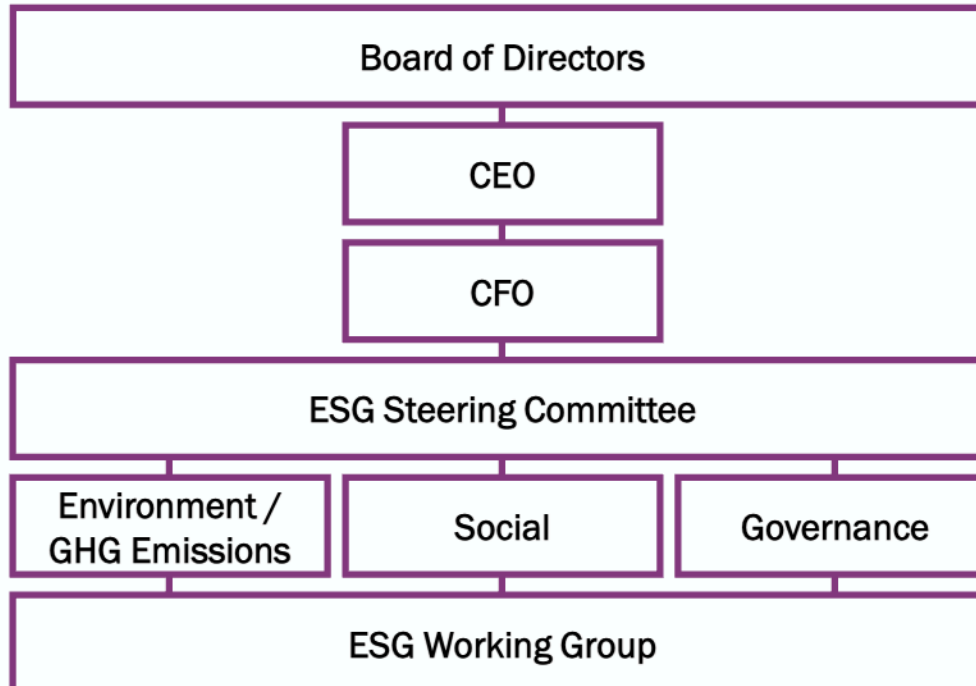
A commitment to transparency is an important element of our sustainability program. We support frameworks and standards that enhance disclosure. K-Bro is supportive of the objectives of the Taskforce for Climate-Related Financial Disclosure (TCFD), the Sustainability Accounting Standards Board (SASB), and the United Nations Sustainable Development Goals (SDGs). Summaries of our TCFD and SASB responses, and alignment to the SDGs, are included in the appendix.



Michael Percy
Board Chair

Approach to Managing ESG

Our Board of Directors oversees K-Bro's environment, social and governance program. Our CEO is accountable for the approval of our ESG initiatives, and our CFO is accountable for implementation of our ESG initiatives. K-Bro has established an ESG Steering Committee, which is responsible for managing day-to-day responsibilities of our ESG program, including implementing strategy, risk management, monitoring and reporting initiatives. We have leads for each of our environment, social and governance pillars, who quarterback specific goals and initiatives.



ESG Working Group

K-Bro has adopted a business-unit centric model for our ESG reporting structure, comprised of non-dedicated ESG resources. Our ESG working group includes an experienced and diverse group of subject matter experts, many of whom have been with K-Bro for decades.

Diverse Subject Matter Experts

The ESG working group includes enterprise-wide local market representation across Canada, Scotland and Northern England. Subject matter expertise and disciplines include, but are not limited to, the following:

- Customer service
- Facility General Managers
- Finance and accounting
- Governance
- Information & technology
- Investor relations and capital markets
- Mergers, acquisitions & integration
- Operations
- Senior management
- Supply chain
- UK market consultants

Our subject matter experts support our various ESG goals and initiatives, including enterprise-wide objectives and priorities for each of our environment, social and governance pillars.



Stakeholder Engagement

As the largest healthcare and hospitality laundry and linen processor in Canada, and one of the largest in the UK, K-Bro has a range of stakeholder groups including: healthcare and hospitality customers, employees, shareholders, association groups and unions, suppliers and vendors, community groups and governments and regulators.

We prioritize being dependable partners and engage with our stakeholders in a variety of ways including, but not limited to, direct feedback, surveys, digital media platforms and focus groups. We collaborate with our stakeholders to appreciate their priorities, solicit and receive feedback and align around common goals.

For our 2023 Sustainability Report, we completed our inaugural materiality assessment (p.9) to obtain insights into which topics were most important to stakeholders. The identified topics are material to our sustainability program and reporting priorities.



Healthcare Customers

We engage with our healthcare customers to help deliver the best patient care support and advance our sustainability plan to support customers in achieving their own goals.



Hospitality Customers

We engage with our hospitality customers to help deliver superior guest experiences and advance our sustainability plan to support customers in achieving their own goals.



Employees

We value our loyal and hardworking team and are focused on safety, enhancing training, career development, retention initiatives and embedding our sustainability priorities.



Shareholders

Many of our shareholders are focused on how we implement sustainability into our business. We routinely meet with investors and have focused this report on material ESG topics.



Associations & Unions

We maintain positive, constructive relationships and collaborate on diverse issues including workforce development and health & safety best practices.



Suppliers

We engage our supplier partners through responsible procurement and supplier diversity programs and work with them to achieve social responsibility goals.



Community groups

We value fostering deep relationships within our communities and support local priorities through investment, philanthropy, volunteerism and support of local charities.



Governments & Regulators

We monitor trends and developments that may impact our business and participate in outreach to international, federal and provincial bodies, as appropriate.

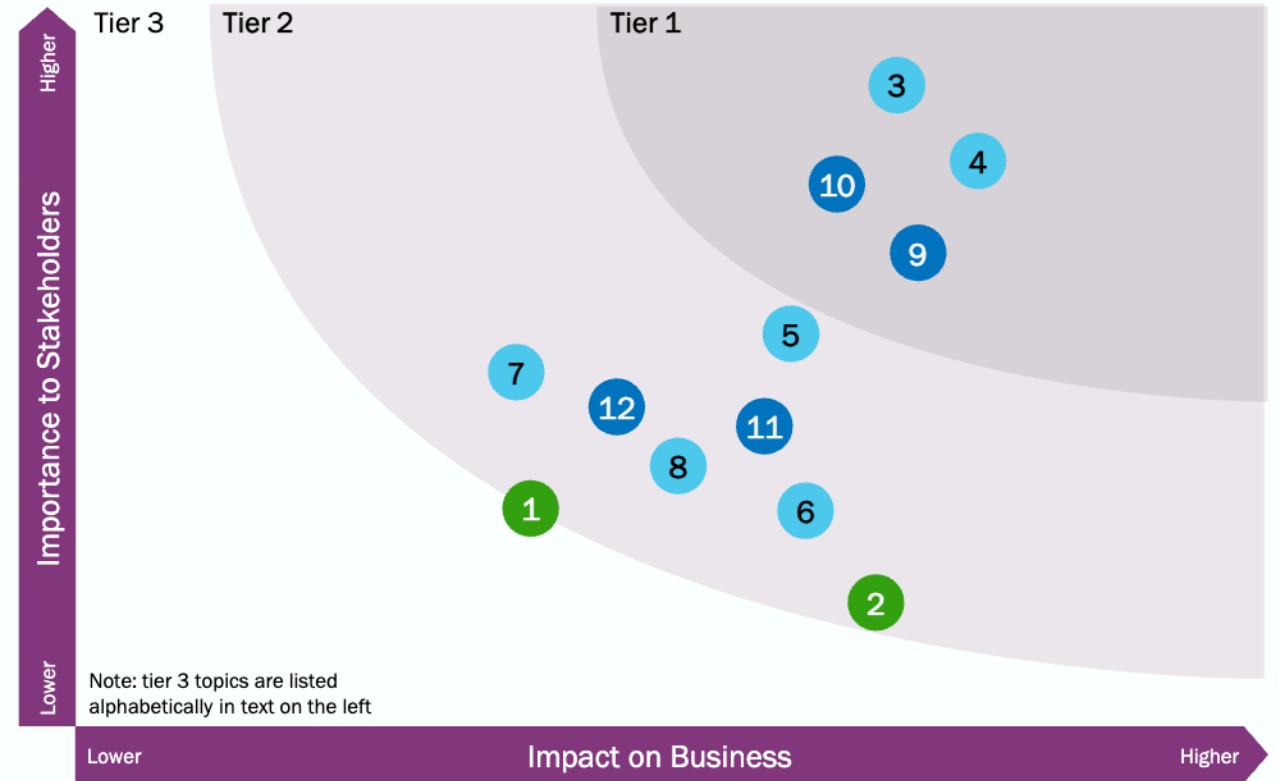
Sustainability: Materiality Assessment

Material Topics

K-Bro engaged a reputable third-party ESG consultant to assist in canvassing internal and external stakeholders for our materiality assessment. Participants were oriented to K-Bro's objectives and invited to rank topics based on level of importance. The significance of each topic within the materiality assessment reflects the importance to stakeholders (vertical axis) and impact on K-Bro's business (horizontal axis).

The materiality assessment identified twenty-one topics. Twelve material topics were identified as tier one or two, which are material to K-Bro's business, and have ultimately informed the development of our ESG strategy. Nine topics were identified as tier three and are listed alphabetically below:

- Air quality
- Biodiversity & ecosystems
- Climate change
- Community partnerships
- Data & cyber security
- Indigenous relations
- Supply chain management
- Tech & innovation
- Water & wastewater management



Impact on Business		
Environment	Social	Governance
1 GHG emissions	3 Customer satisfaction	9 Legal & regulatory compliance
2 Environmental management	4 Health & safety	10 Business ethics & integrity
	5 Labour & human rights	11 Crisis & risk management
	6 Employee engagement	12 Modern slavery compliance
	7 Corporate culture	
	8 Diversity, equity & inclusion	

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Sustainability: K-Bro's Long-Term Sustainability Strategy

Developing our Vision

We're proud of our long history of delivering industry-leading service, sustainability and positive impacts where we do business. As we extend our sustainability roadmap for the long-term, we prioritized the same inclusive approach that has always been foundational to our culture. Our vision was co-developed by a diverse and experienced team, including members of the ESG working group, to guide the development and implementation of our broader ESG strategy.

Developing our Long-Term Sustainability Strategy

Putting people first, supporting our partners and environmental stewardship have always been part of our culture and priorities for K-Bro. People, Partners and Planet are terms that are significant to our team and form the basis our pillars to help us engage with stakeholders around sustainability for the long-term. We have mapped the topics from our materiality assessment into our pillars. Over time, our pillars will support targets to achieve changes to enhance our long-term vision.

People

Foster our customer-centric culture, take care of our people, embrace diversity and ensure K-Bro is a great place to work.

Partners

Be dependable, exemplify responsible business practices, support local communities and anticipate evolving trends.

Planet

Operate responsibly, prioritize energy efficiency, embrace best management practices and support environmental stewardship across the supply chain.

Our Vision

K-Bro will focus on delivering industry-leading service as we embrace our responsibilities to society as a good corporate citizen - supporting the communities in which we operate, being a great place to work and a dependable partner for all our stakeholders.



Sustainability: Alignment with the United Nations' Sustainable Development Goals

Sustainable Development Goals

The United Nations Sustainable Development Goals (SDGs) consist of 17 goals which support the 2030 Agenda for Sustainable Development. The SDGs cover a wide range of thematic issues including water, energy, climate, oceans, urbanization, transport, science and technology. The SDGs provide a framework for assessing environmental, social and governance impacts. Many SDGs seek impactful change from nation states and companies like K-Bro can make important contributions.

We embrace our opportunity to support a more sustainable future and have examined our long-term sustainability strategy against the SDGs. We believe our priorities and initiatives align closely with six of the SDGs:

- #5 Gender Equality;
- #6 Clean Water and Sanitation;
- #9 Industry, Innovation and Infrastructure;
- #11 Sustainable Cities and Communities;
- #12 Responsible Consumption and Production; and
- #13 Climate Action

Additional details mapping elements of our long-term sustainability strategy to SDG targets and K-Bro's actions can be found in the appendix p.37 (K-Bro Mapping to UN SDGs).



Gender Equality

K-Bro is an equal opportunity employer and has implemented workforce and supplier diversity policies and practices to support gender equality.



Clean Water and Sanitation

K-Bro adheres to strict water standards for conservation and is a recognized innovator in water and energy-efficient cleaning and drying systems.



Industry, Innovation and Infrastructure

K-Bro prioritizes investing in state-of-the-art, highly energy-efficient technology from world-class manufacturers.



Sustainable Cities and Communities

K-Bro embraces sustainable urbanization combining scalable highly energy-efficient technology with fit-for-purpose industry best practices.



Responsible Consumption and Production

K-Bro undergoes independent auditing and validation of our strict water and energy consumption, minimizing waste and emissions, among other items.



Climate Action

K-Bro implements Best Management Practices in our processes, systems and procedures for reusing, reclaiming and recycling resources.

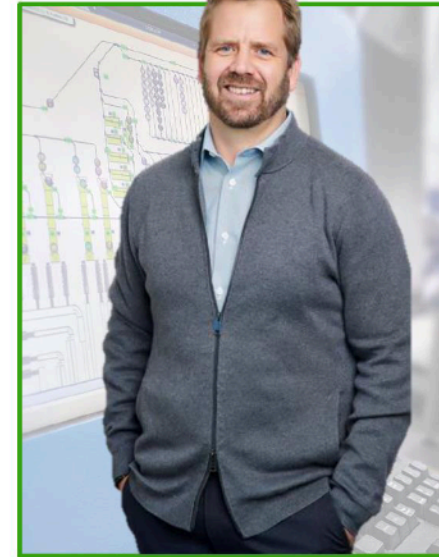
Planet Environment

“We’ve been embracing green initiatives long before the ESG movement was defined. Our essential service business model centers around reusing, recycling and limiting waste. We have a long track record of enhancing efficiency and reducing energy use and cost.”



Michael Jones
Fishers' Managing Director

“I love sharing examples of our environmental stewardship and sustainability. People are surprised to hear how long we’ve been using conservation best practices and the extent of water and energy savings from our highly-efficient state-of-the-art equipment.”



Kevin Stephenson
General Manager, Riverbend

Environment: Alignment with Circular Economy Principles

Circular Model

We support efforts to enhance a circular economy that prioritizes reusing, recycling and reducing waste. K-Bro's circular business model provides an essential service while prioritizing environmental stewardship and reducing pressure on natural resources. Our circular model keeps high-quality products in use for longer, while reducing natural resource consumption, and offers sustainable alternatives to single-use or disposable products. We are proud to contribute to customer and stakeholder objectives in meeting their own sustainability goals.



Sustainable Linens

We source linen products that maximizes useful lives and uphold sustainable environmental practices. Our suppliers commit to operating in an environmentally friendly manner and complying with applicable regulations.

State-of-the-Art Technology

We have embraced advances in machinery and systems that improve operational and energy efficiency. We purchase the latest equipment from industry-leading suppliers that maximize equipment uptime, increase throughput and reduce energy and water consumption. We pilot new energy and cost saving technologies and, once proven within our operations, evaluate opportunities for platform-wide adoption.

Environmentally-Friendly Chemicals

We use advanced chemical solutions that disinfect at lower temperatures reducing energy consumption. The chemicals break down into organic compounds that are gentle on the environment and minimize damage to linens to extend their useful lives by approximately 30%. These advanced solutions outperform traditional chlorine and peroxide on environmental sustainability, disinfecting, extending linen useful life and whiteness.

Linen Transport Solutions

We offer customers fully enclosed and lockable carts, as an alternative to open shelf carts, which eliminate the use of disposable plastic wrapping common on open shelf carts. We provide linen transport solutions that help reduce and/or eliminate single use plastic, which supports customers' objectives.

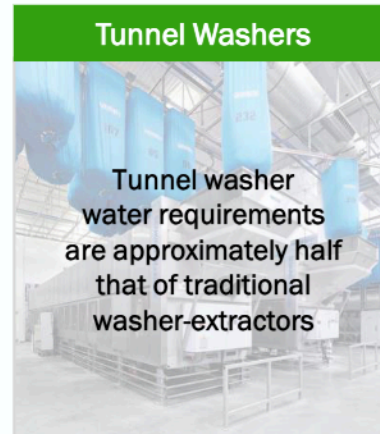
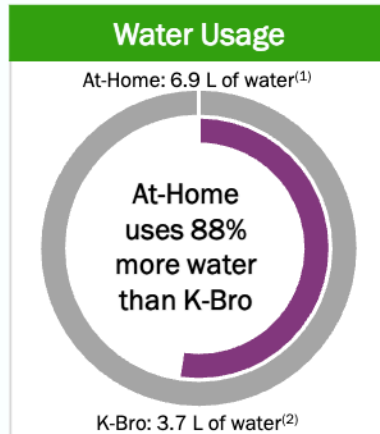
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Highly Efficient Operations

We have configured our operations to deliver highly efficient water and energy consumption compared to traditional at-home or smaller-scale laundries. We consume less water and energy when processing the same volume of laundry. We achieve these savings by combining various technologies and processes that deliver high quality while conserving natural resources:

- Water and energy efficient washing
- Recovering and reusing heat
- Water extraction and purification
- Optimized drying process tailored to each batch



⁽¹⁾ Details related to the at-home water usage assumptions can be found in the appendix on p.38.
⁽²⁾ K-Bro water usage based on 2022 consolidated water withdrawn per pound.

Tunnel Washers

We use highly efficient tunnel washers, equipped with microprocessors, that optimize temperature and chemical formulations for each unique batch. The process minimizes water, energy and chemical use while delivering hygienically clean linen. Water requirements are approximately half that of traditional washer-extractors and final rinse water is purified for reuse.

Advanced Heat Recovery

We have installed advanced heat recovery systems that transfer heat from discharged water or ironers to pre-heat incoming fresh water. Pre-heated water requires significantly less energy to attain processing requirements. Heat recovery is an example of K-Bro's continuous improvement processes that seek to reduce energy consumption, lower energy intensity and ensure efficient use of energy.

Water Extraction

Efficient water extraction conserves water usage and reduces energy required to dry products. We use the latest water extraction technologies including centrifugal extractors and large hydraulic presses.

Water Purification

We treat and purify water prior to discharging, ensuring our process is gentle on the environment while complying with all applicable regulations.

Drying

We use highly efficient dryers, equipped with technology that optimizes temperature and drying configuration for each unique batch. Fine tuning drying procedures maximizes drying efficiency while reducing energy needs.

Environmental Management

Environmental stewardship is at the core of our commitment to be a responsible corporate citizen. K-Bro invests in state-of-the-art, highly energy efficient technology from world-class manufacturers. We are recognized as innovators in developing water and energy-efficient cleaning and drying systems and have adopted environmentally focused best practices.

Clean Green Certifications

In recognition of our environmental stewardship, we are proud to have achieved Clean Green certification in our Canadian operations. The Textile Rental Services Association's (TRSA) Clean Green is the leading third-party certification program of its kind in the laundry industry. It requires independent auditing and validation of our commitment to meeting strict water and energy consumption, minimizing landfill waste and emissions, ensuring route optimization, and several other criteria.

ISO 14001

ISO (International Organization for Standardization) is an independent, non-governmental organization that develops market relevant standards. In our UK operations, we are proud to have achieved ISO 14001 certification which sets out the criteria for an effective environmental management system.



Water and Energy Standards

K-Bro is committed to meeting strict water and energy consumption standards for conservation.



Water standards



Energy standards

Best Management Practices

K-Bro implements Best Management Practices (BMPs) in our processes, systems and procedures for reusing, reclaiming and recycling resources. BMPs include, but are not limited to, the following:



Heat recovery technology



Water reuse technology



Fleet vehicle route optimization



Environmentally friendly chemical use



Energy efficient lighting



Recycling programs

Scope 1, 2 & 3 GHG Emissions

GHG emissions include both activities where we have direct control and activities where we have indirect operational control:

- Scope 1: Emissions generated directly from our business, including operating our facilities, equipment and delivery fleet.
- Scope 2: Emissions generated indirectly through purchased energy from utility providers used in our facilities and offices.
- Scope 3: All other indirect emissions, not captured within scope 2, that occur within our value chain.

Scope 1 and 2

We engaged an independent third-party consultant to assist in preparing our scope 1 and 2 GHG emission calculations in accordance with the Greenhouse Gas Protocol. K-Bro's 2022 scope 1 and 2 GHG emissions are:

Scope 1: 51,612 tCO₂e

Scope 2: 5,511 tCO₂e

Scope 1 & 2 Intensity: \$206 tCO₂e / revenue \$ millions

Scope 3

We have engaged an independent third-party consultant to assist us in evaluating and calculating our scope 3 GHG emissions. As described in the Greenhouse Gas Protocol Corporate Value Chain Accounting and Reporting Standard (2011), Scope 3 GHG emissions are grouped into 15 categories. We are evaluating these categories and assessing the necessary inputs to support our scope 3 calculation. We will provide updates on our progress in subsequent reports.

Measurement Process

K-Bro tracks key Scope 1 and 2 inputs, such as natural gas and electricity usage at each facility. Our GHG calculations are supported by:

- Meters at the source
- Fuel tracking
- Invoice data

Approach to Reducing Emissions

K-Bro's Scope 1 and 2 emissions are largely attributable to thermal energy and associated natural gas and electricity consumption. Key operational metrics, including energy and water consumption, are tracked daily which allow us to monitor trends and make timely adjustments to optimize efficiencies.

We have also focused our efforts on reducing emissions in the following areas:

- Minimizing intensity of energy and water per pound
- Optimizing delivery routes to reduce fuel consumption
- Promoting sustainable product ranges
- Enhancing recycling and reuse of products

K-Bro's current focus has been measuring baseline Scope 1 and 2 GHG emissions. We have engaged an independent third-party consultant to assist us in evaluation and calculating our scope 3 GHG emissions. We are also reviewing objectives for future targets and will provide updates in subsequent reports.

People

Social



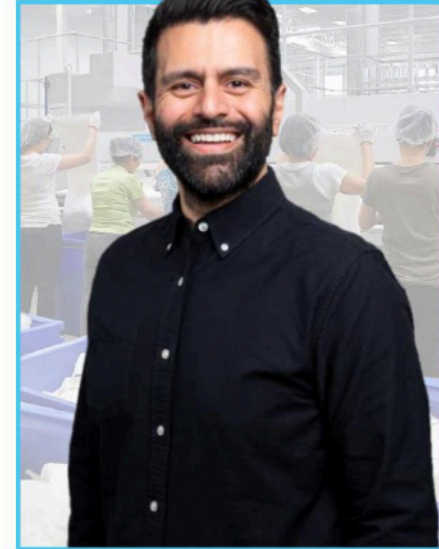
You really see the K-Bro culture in action when we onboard a new customer. Our team from across the globe comes together on-site to support the local facility. Customers see the team's dependability and our customer retention stats speak for themselves."



Jackie Belanger
Director of Customer Service



I'm proud to be part of our talented and diverse team. Everyone is welcome at all levels, and I feel that I can bring my whole self to work. We have a lot of fun together and I always look forward to group events, like our team lunches or employee BBQs."



Sanjeev Saroya
Director, Operations

Our Commitment

K-Bro is committed to being a dependable partner to our customers. We dedicate ourselves to delivering on our responsibilities as an essential service provider, so customers can focus on their core businesses. We relentlessly focus on customer satisfaction and practice continuous improvement performance principles in support of our objective. At the same time, our circular economy model and environmental stewardship contributes towards our customers meeting their own sustainability goals.

Customer Engagement

We engage with our customers in a variety of ways including, but not limited to, direct feedback, face-to-face dialogue, performance update meetings, customer service support, and surveys. We collaborate with our customers to appreciate their priorities, solicit and receive feedback and align around common goals.

Performance Principles

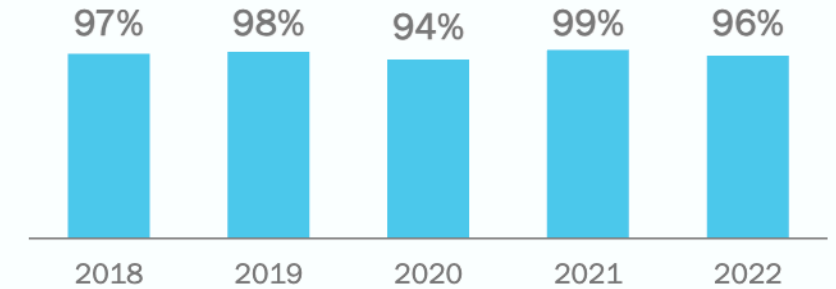
We adhere to rigorous performance principles to ensure high-quality experiences for all our customers. Our performance standards underpin our customized solutions tailored to each customer. These standards contribute to meeting and exceeding customer expectations and we work tirelessly to ensure our customers are satisfied.

Partnership in Sustainability

We view sustainability as everyone's business, and we embrace opportunities to partner with our customers to further our collective goals. We routinely collaborate with customers to explore alternatives to further reduce energy consumption and waste, without impacting service levels.

Customer Retention Track Record

Canadian and UK customer base contract retention
Years ended December 31



Performance Principles

K-Bro's performance principles include the following standards, among others:



Fill Rates



Health & Safety



Quality Assurance



Responsiveness



On-time Delivery



Contingency Planning



Labour and Human Rights

K-Bro has initiated a process to contribute to Canada's efforts in the Fight against Forced Labour and Child Labour in Supply Chains. Our dedication to our values extends to our supply chain and we are initiating efforts to assess risks and will outline our actions taken to strengthen our practices. We will share our progress with our stakeholders in subsequent reports.

Equality and Non-Discrimination

K-Bro promotes equal opportunities for all employees and prospective candidates and does not tolerate discrimination of any kind. We are proud to be recognized for our enterprise-wide women gender diversity and are committed to a work environment where employees achieve their best and are recognized for their performance.

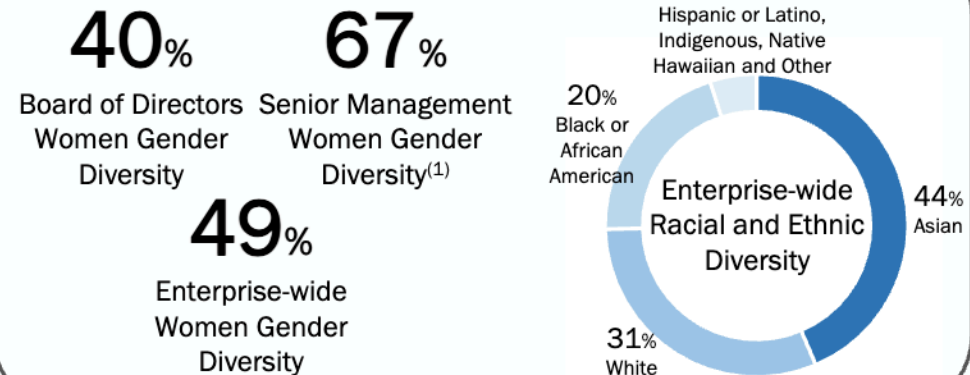
Workplace Diversity

We are committed to fostering an inclusive workplace and believe diversity contributes to achieving both our business objectives and the objectives of our local communities. Embedded within our culture, K-Bro's diversity policy and principles are part of our commitment to equality throughout recruitment, development and retention initiatives. We're proud of our talented, diverse and motivated workforce that share our values and are representative of the communities in which we live.

Supplier Diversity

K-Bro contributes to responsible supply chains and has implemented a Supplier Diversity Policy. We endeavor to ensure suppliers have suitable workplace, health & safety and ethical employment standards within their businesses. The standards we expect address a broad spectrum of working conditions including fair remuneration, working hours, respect, non-discrimination, and well-being.

Diversity Statistics 2022



(1) Reflects senior management vs. SASB SV-PS-330a.1 executive management



REPORT ON BUSINESS WOMEN LEAD HERE

Honouree: K-Bro Linen Inc.

Industry: Business Services

Female led: Yes

Total % of Women Executives: 67%

Years included: 4

YoY Change: Flat



*"ROB Women Lead Here" and "The Globe and Mail" logos are property of the Globe and Mail

Health & Safety Management System

The health and safety of our employees, and anyone that visits our facilities, is a top priority. We have a comprehensive management system to promote safe operations through, among other things, training and supervisory oversight.

Onboarding & Continuous Training

All employees receive thorough onboarding, including detailed job-specific training resources and instructional forms, jointly reviewed with the employee and supervisor. Ongoing refreshers support continual improvement and flag enhancements to policies and procedures.

Monitoring & Reporting

While we target a zero-injury workplace, our practice is that any work-related incidents are immediately reported to a supervisor. Any incidents are tracked and reported to the Board of Directors on a quarterly basis.

Employee Wellness Benefits

In addition to our health & safety program, K-Bro offers employee wellness resources which vary by geography and can include education and support to enhance overall wellness and healthier lives.

Three Lines of Defense Approach

We practice a three lines of defense approach to our health & safety management system:

- Training and supervisory oversight
- Monitoring, reporting & internal reviews
- External audits

Internal Reviews

As part of our commitment to continuous improvement, we conduct internal reviews of our health and safety management system. We review monitoring and reporting summaries and confirm that our policies and procedures are being properly applied. We also assess opportunities to enhance our systems along with monitoring & reporting frameworks.

External Audits

In addition to internal reviews, K-Bro participates in external audits that gather data and analysis and produce an independent assessment of our health & safety management system. Through external auditing processes, we have been awarded certificates of recognition for meeting strict health and safety standards.



Training

Job-specific training includes the following topics, among others:

- Use of Personal Protective Equipment (PPE)
- Hygiene and infection controls
- Health & safety policies and procedures
- Safe operation of machines & equipment
- Emergency plans, exits and switches
- Incident reporting



Wellness Benefits

Employee wellness resources vary by geography and can include the following categories, among others:

- Dental
- Vision
- Pharmaceuticals
- Healthcare services
- Employee assistance

Social: K-Bro Culture and Employee Engagement

Corporate Culture

Putting people first has always been an important part of our customer centric culture that helps set K-Bro apart. We have always prioritized hiring and retaining the right workforce. Our corporate culture defines how we do business, and our team embraces shared values including; dependability, kindness, collaboration, inclusion, ethics, safety and sustainability.

Employee Engagement

Our objective is to promote a collegial workplace that allows everyone to contribute to K-Bro's success. We want to help employees contribute their talents and strengths, while supporting their skill development and pursuit of professional goals. We engage with our team in a variety of ways, including one-on-one dialogue, town hall meetings, surveys, team building and employee appreciation events.

Training and Development

As part of our commitment to continuous improvement, we invest in ongoing training and development for our employees. Programs are aligned to employee roles and responsibilities and include a broad suite of seminars and training modules to further enhance skills and knowledge. We also encourage platform-wide in-person collaboration and apprenticeship to share expertise and insights at each of our facilities.

Career and Professional Goals

We recognize our team's dedication, commitment, passion and experience and strive to support career and professional goals. Individual goals and objectives are discussed as part of annual performance reviews. We also solicit diverse platform-wide input on career and professional goals. Results are aggregated, themes are analyzed, and new initiatives are piloted.

Employee BBQ



K-Bro Riverbend: team preparing to host an employee summer BBQ

Staff Appreciation



K-Bro Enterprise: staff appreciation food truck lunch

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Awards & Recognition



Fishers: celebrating the Large Business Award win (Fife Business Awards)



K-Bro Quebec: 15 to 30 years of service recognition



K-Bro Enterprise: staff appreciation food truck lunch



Fishers: 20 and 25 years of service recognition

Our Team On Site



K-Bro Regina: members of the Regina team



K-Bro Edmonton: members of the Edmonton team



K-Bro Toronto: members of the Toronto team



K-Bro Calgary: members of the Calgary team

Team Events



K-Bro Enterprise: team bowling event



K-Bro Riverbend: team supporting FVHCF charity golf event



Fishers: Volunteering with Children's Hospice Scotland fence painting

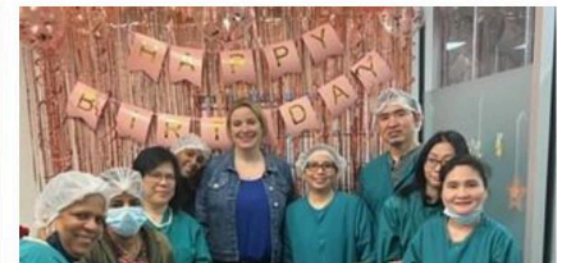


K-Bro Quebec: team BBQ

Celebrations



K-Bro Toronto: team BBQ and staff appreciation



K-Bro Regina: team celebrating birthdays



K-Bro Enterprise: team lunch



K-Bro Victoria: team holiday dinner

Partners

Governance

“Corporate governance has always been a priority for K-Bro. We’re proud of our certifications and accreditations supporting our commitment to the highest industry standards. Our sustainability report is our next step in further enhancing transparency.”



Linda McCurdy
President & CEO

“We’ve built our reputation as a dependable partner by providing solutions to our customers over the past 7 decades. And our people possess the expertise, the passion and the drive so we can continue to be a dependable partner in the years to come.”



Ryo Utahara
Executive Director

Board of Directors



Overview and Approach

The Board is composed of five Directors, the majority of Directors (4 of 5) who are independent. Ms. McCurdy, as President & CEO, is not independent. The Board takes a holistic approach to corporate governance and monitors significant developments in both risks and opportunities. The Board oversees K-Bro's environment, social and governance program and ensures its effective implementation. All new Directors receive a comprehensive orientation, and all Directors participate in a continuing education program that, among other things, assists Directors in maintaining or enhancing their skills and abilities as Directors and to ensure that their knowledge and understanding of the Corporation remains current.

Board Committees

Audit Committee: The audit committee is comprised of three independent Directors and is responsible for overseeing the policies and procedures designed to manage and mitigate risks across the company and ensure compliance with legal and regulatory requirements. These include internal and disclosure controls to ensure the integrity of accounting, financial and other reporting.

Compensation, Nominating & Corporate Governance (CNCG) Committee: The CNCG committee is comprised of three independent Directors and is responsible for overseeing engagement and compensation of senior management, assessment of Board member candidates and the adequacy of corporate governance and compliance practices including the Code of Business Conduct and Ethics.

Corporate Governance

Strong corporate governance is a priority for K-Bro. Our corporate governance practices were developed to ensure the Company's business is effectively managed in support of strong stakeholder relationships and enhanced shareholder value. Corporate policies and procedures include the following:

- Code of Business Conduct and Ethics
- Insider Trading Policy
- Whistleblower Policy
- Majority Voting Policy

Laws, Rules and Regulations

K-Bro complies with applicable laws, rules and regulations, including obtaining any required permits and/or licenses. We monitor trends and developments that may impact our business and participate in outreach to international, federal and provincial bodies, as appropriate.

Code of Business Conduct & Ethics

K-Bro's Code of Business Conduct and Ethics (the "Code") covers a wide range of business practices and sets out basic principles to guide all directors, officers and employees. The Code includes the following topics, among others:

- Compliance with laws, rules and regulations
- Conflicts of interest
- Confidentiality
- Gifts and payments to government personnel
- Discrimination and harassment
- Reporting of illegal or unethical behaviour

Certifications & Accreditations

In addition to applicable regulations, we support both industry associations and independent non-governmental organizations in their efforts to develop market relevant standards for safety, quality, infection prevention and environmental management. Our implementation of various governance policies and procedures is assessed and inspected as part of this process. K-Bro is proud to have achieved Hygienically Clean certification from the Textiles Rental Services Association (TRSA); accreditation from the Healthcare Laundry Accreditation Council (HLAC); and certification to International Organization for Standardization (ISO) standards.

Hygienically Clean

Certified



The Textiles Rental Services Association (TRSA) is an industry association, and its Hygienically Clean certification recognizes commitment to cleanliness and infection prevention through facility inspections and third-party, quantified biological testing. The independent, third-party inspection confirms, among other things, employees are properly trained and protected, management understands legal requirements, compliance with the Occupational Safety & Health Act, and the facility operates effectively.

HLAC Accreditation



Healthcare Laundry Accreditation Council (HLAC) is a nonprofit organization that inspects and accredits laundries that process healthcare linens. The accreditation process confirms that the provider strictly adheres to government regulations & guidelines, follows good industry practices, ensures employees are properly trained and meets the highest standards for processing healthcare textiles in the industry.

Certified to ISO

Standards



International Organization for Standardization (ISO) is an independent, non-governmental international organization with 169 national standards bodies members. Through its members, ISO assembles experts, collaborates and creates voluntary, consensus-based, market relevant standards. Our UK sites are certified to ISO standards.



Risk Management

We maintain a risk register to monitor and mitigate material risks of the business, which includes climate related risks. Risks are reviewed on an ongoing basis and assessed against criteria related to potential impact and likelihood. We have also implemented processes to identify and assess emerging risks that may arise across longer time horizons. Our objective, where feasibly possible, is to mitigate the potential impact of risks to acceptable levels.

Business Contingency Planning

K-Bro's senior management team establishes and monitors our enterprise-wide risk management processes, including our business contingency planning process, which are designed to mitigate operational, business, climate and other risks. The ESG steering committee and working group support senior management in identifying, assessing and managing climate related risks, in support of our enterprise-wide risk management processes. Our ESG Team includes diverse subject matter expertise with enterprise-wide local market representation. For additional details, please refer to p.7 (K-Bro's ESG Team).

Examples of Potential Disruptions & Mitigants



Health Emergencies

Health emergencies are mitigated through contingency planning, employee training, excess personal protective equipment for staff, and infection prevention best practices.



Supply Chain

Supply chain disruptions are mitigated through supplier diversification, investment in state-of-the-art technology, contingency planning, and third-party hedging.



Extreme Weather

Extreme weather is mitigated through ongoing business contingency planning, preemptive continuity planning with customers, facility site-selection and specific site planning.



Unscheduled Downtime

Unscheduled downtime is mitigated through ongoing investment in proven technologies, disciplined preventative maintenance, and partnering with credible world class suppliers.

Examples of Select Resiliency Strategies



Staffing Contingencies

K-Bro maintains positive, constructive relationships with employees, associations and unions, along with staffing agencies to ensure urgent needs are always met.



Equipment Redundancy

We invest in state-of-the-art equipment from world class suppliers and, where feasible, we maintain equipment redundancy to ensure efficient operation and urgent part availability.



Reserve Inventory

Critical reserve inventory, including additional pairs of linen inventory, are stored in off-site warehouses that can be immediately accessed in the event of urgent need.



Emergency Back-ups

In the unlikely event of a facility level disruption, K-Bro's strategically located sites allow for emergency back-up services within our existing plant network.



Support for our Local Communities

K-Bro's operations span over 15 different communities across Canada and the UK. We value fostering deep relationships within our communities and support local priorities through investment, philanthropy, volunteerism and support of local charities. We're involved in a variety of initiatives that are most impactful to our local communities, with some concentration and focus on the following areas:

- Regional foundations
- Children and youth services
- Mental health
- Specialized adult healthcare
- Specialized children's healthcare
- Healthcare research
- Tourism students

Charitable Donations

K-Bro donates thousands of dollars worth of linen items annually to support various local charities. In addition, K-Bro makes charitable donations to support our local communities across Canada and UK.

Volunteering

K-Bro applauds our team in contributing to our communities, not just through charitable financial support, but also in volunteering time and expertise. We support our colleagues' involvement in local communities and we collaborate as a strategic partner. We recognize and celebrate the commitment of our colleagues in making positive impacts where we live and work.

Local Sponsorship



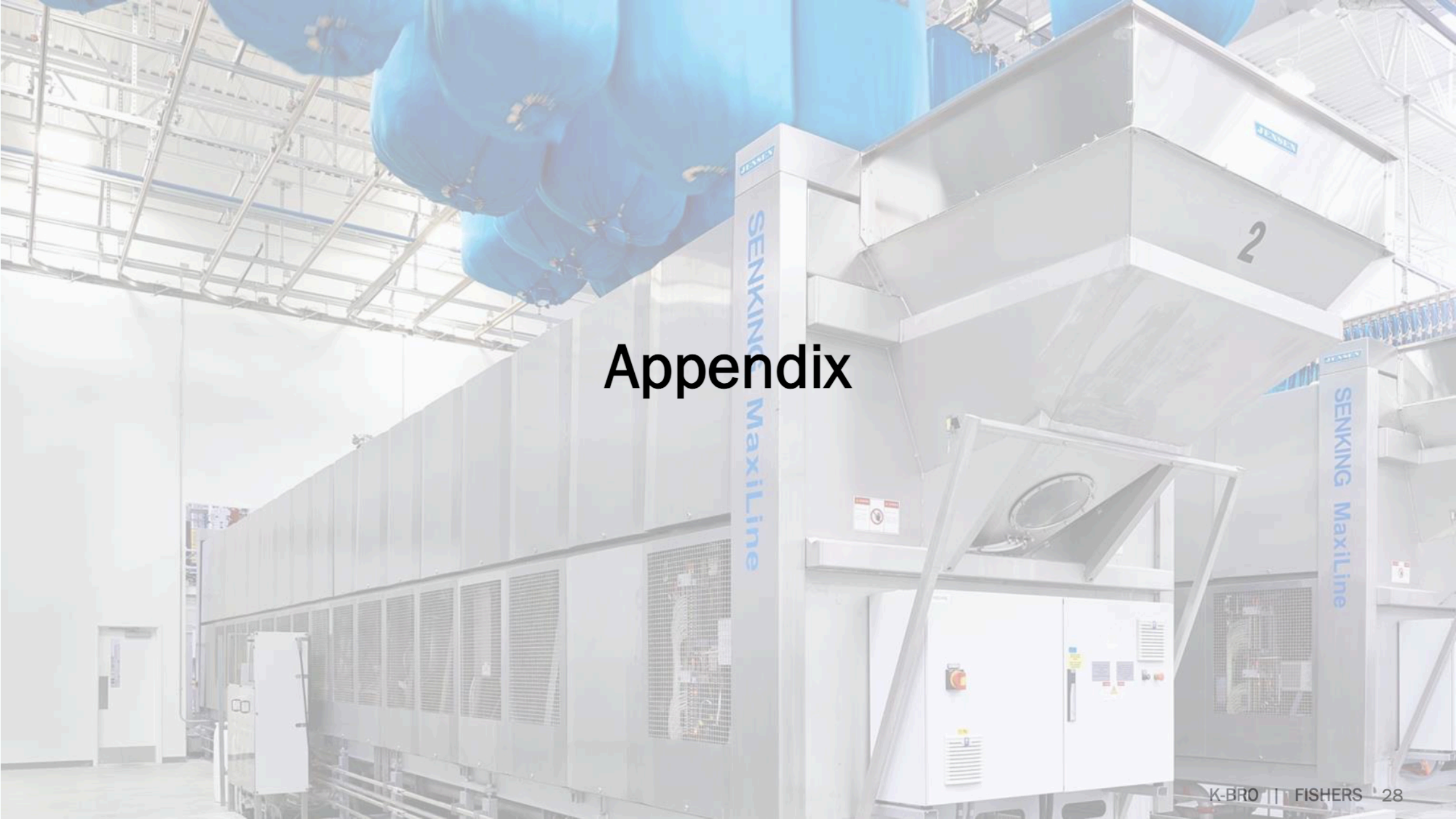
📷 K-Bro Toronto: team supporting SickKids staff BBQ

Charitable Donations



📷 Fishers: Former PM Gordon Brown and Linda McCurdy supporting Big Hoose Project
K-Bro has donated thousands of dollars of linen items to help families in need

Appendix



Appendix: TCFD Responses

Taskforce on Climate-related Financial Disclosures

The Taskforce on Climate-related Financial Disclosures (TCFD) was created by the Financial Stability Board (FSB) to recommend the types of information companies should disclose for investors, lenders and underwriters. TCFD monitoring responsibilities will transfer to the IFRS ISSB from 2024. Our responses for 2022 are outlined below.

Topic	Disclosures	Response
Governance	a) Describe the board's oversight of climate related risks and opportunities.	Strong corporate governance is a priority for K-Bro. The Board takes a comprehensive approach to climate oversight and monitors significant developments in related risks and opportunities. The Board oversees K-Bro's environment, social and governance program and ensures its effective implementation. K-Bro's ESG Team provides regular updates on strategy, risk management, monitoring and reporting initiatives. For additional details on K-Bro's Board of Directors and its corporate governance practices, please refer to p.24 (Board of Directors).
	b) Describe management's role in assessing and managing climate related risks and opportunities.	Management recognizes that climate related risks and opportunities are complex and multi-faceted and require attention across different time horizons. Management actively engages with stakeholders around material topics, risks and opportunities and monitors trends within the industry and potential impacts on our business. K-Bro has established an ESG Steering Committee, which is responsible for managing day-to-day responsibilities of our ESG program. For additional details on K-Bro's approach to managing ESG, please refer to p.7 (K-Bro's ESG Team).
Strategy	a) Describe the climate related risks and opportunities the organization has identified over the short, medium, and long term.	For a description of climate related risks and opportunities and their respective impacts on our business and planning, please refer to p.31 (Climate-related risks) and p.32 (Climate-related opportunities).
	b) Describe the impact of climate related risks and opportunities on the organization's businesses, strategy, and financial planning.	For a description of climate related risks and opportunities and their respective impacts on our business and planning, please refer to p.31 (Climate-related risks) and p.32 (Climate-related opportunities).
	c) Describe the resilience of the organization's strategy, taking into consideration different climate related scenarios, including 2°C or lower scenario.	We are proud to be a dependable partner to our stakeholders and believe resilience of our business model is vital to delivering on our commitment. We have a robust business contingency planning process, which takes into account risks, including climate-related risks. As part of our long-term sustainability program, K-Bro is in early stages of evaluating different climate related scenarios. We intend to further assess implications from scenario analysis and incorporate insights into our business contingency planning process. We intend to provide updates on our scenario analysis in subsequent reports.



Appendix: TCFD Responses (Continued)

Topic	Disclosures	Response
Risk Management	a) Describe the organization's processes for identifying and assessing climate related risks.	K-Bro's senior management team establishes and monitors our enterprise-wide risk management processes, including our business contingency planning process, which are designed to mitigate operational, business, climate and other risks. The ESG steering committee and working group support senior management in identifying, assessing and managing climate related risks, in support of our enterprise-wide risk management processes. Our ESG Team includes diverse subject matter expertise with enterprise-wide local market representation. For additional details, please refer to p.7 (K-Bro's ESG Team).
	b) Describe the organization's processes for managing climate related risks.	We assess and implement fit-for-purpose processes to manage specific climate related risks. For additional details related to climate related risks and actions taken to mitigate, please refer to p.31 (Climate-related risks).
	c) Describe how processes for identifying, assessing, and managing climate related risks are integrated into the organization's overall risk management.	Climate related risks are incorporated in our enterprise-wide risk management processes. We maintain a risk register to monitor and mitigate material risks of the business, which includes climate related risks. Risks are reviewed on an ongoing basis and assessed against criteria related to potential impact and likelihood. We have also implemented processes to identify and assess emerging risks that may arise across longer time horizons. Our objective, where feasibly possible, is to mitigate the potential impact of risks to acceptable levels.
Metrics and Targets	a) Disclose the metrics used by the organization to assess climate related risks and opportunities in line with its strategy and risk management process.	We are committed to ongoing assessments of climate related risks and opportunities and will continue to refine our process for identifying relevant metrics. Among other metrics, we track climate related SASB metrics. For additional details on climate related SASB responses, please refer to p.33 - 36 for (Fleet Fuel Management) SV-HL-140a.1, and (Product Lifecycle Management) HC-DI-410a.1.
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Scope 1: 51,612 tCO2e Scope 2: 5,511 tCO2e For additional details related to climate related risks and actions taken to mitigate, please refer to p.31 (Climate-related risks).
	c) Describe the targets used by the organization to manage climate related risks and opportunities and performance against targets.	As part of K-Bro's Clean Green and ISO 14001 certifications, we adhere to strict industry standards for water and energy conservation and intend to continue to meet these targets. With regards to GHG emissions, K-Bro's current focus has been measuring baseline Scope 1 and 2 emissions. We intend to review objectives for future targets and provide updates in subsequent reports.



Appendix: Climate-Related Risks

Category	Type	Risks Summary	K-Bro Actions to Mitigate	Time Horizon
Climate-Related Transition Risks	Policy & Legal	<ul style="list-style-type: none"> Increased compliance costs 	Changing sustainability-related reporting requirements, including additional focus on supply chain and scope 3 emissions, may result in more granular and frequent reporting updates. Enhanced emissions-reporting obligations and related regulations may result in higher compliance costs. These risks are mitigated through monitoring regulatory trends, compliance preparation, and regular engagement with industry associations and consultants.	Medium-term
	Technology	<ul style="list-style-type: none"> Costs to transition to lower emissions technology Unsuccessful investment in new technologies 	Shifts in technology to support a carbon neutral economy may result in increasing demand for energy-efficient technology upgrades. Technology risk is mitigated through ongoing investment in proven highly energy-efficient technologies, being technology fast-followers rather than technology pioneers, partnering with credible world class suppliers and our commitment to continuous improvement in operational and energy efficiency.	Medium-term
	Market	<ul style="list-style-type: none"> Increased input prices Energy price volatility Supply chain disruptions 	Increasing production costs related to higher input prices, volatile energy costs and supply chain disruptions may negatively impact results. Market risk is mitigated through adoption of highly energy-efficient technology, relying on third-party experts for hedging, supply chain diversification and business contingency planning.	Short-term
	Reputation	<ul style="list-style-type: none"> Customer demand for enhanced environmental stewardship Impacts to employee attraction and retention from perception of commitment to ESG 	Public and/or private customers and employee sustainability priorities may change. K-Bro's reputation may be damaged if stakeholders do not believe in our commitment to long-term sustainability, which could negatively impact revenue and labour availability. Reputational risk is mitigated through our ongoing commitment to environmental stewardship and our long-term sustainability program, engagement of expert consultants and adoption of ESG frameworks.	Medium-term
Climate-Related Physical Risks	Acute	<ul style="list-style-type: none"> Operational disruption from weather Higher cost of vacancies, absenteeism and health & safety 	Operational disruption from severe weather may result in higher costs related to difficulties in delivery, supply chain disruptions and increased absenteeism. These risks are mitigated through ongoing business contingency planning, preemptive continuity planning with customers, facility site-selection and site planning, and to a certain extent business-interruption and property insurance.	Short-term
	Chronic	<ul style="list-style-type: none"> Increased costs related to required heating and cooling Increased frequency of extreme weather 	Increasing frequency of extreme weather, increasing costs related to heating and cooling and weather-related operational disruptions may result in higher operating costs. In addition to steps taken to mitigate acute risks, chronic risks are mitigated through long-term risk assessments and incorporating highly energy-efficient considerations and designs into operations.	Long-term



Appendix: Climate-Related Opportunities

Category	Type	Opportunity Summary	K-Bro Actions to Achieve	Time Horizon
Climate-Related Opportunities	Resource Efficiency	<ul style="list-style-type: none"> More efficient modes of transport Reduced water and energy usage Expanded end of life recycling 	Advances in fuel efficient or electric vehicles, new proven technologies to further reduce water and energy usage and expanded end of life recycling may contribute to reduced operating costs. Actions to achieve include monitoring fuel efficient and electric vehicle trends for optimal time to pilot initiatives, piloting new proven technologies for enhanced water and energy conservation and assessing enhanced end of life recycling alternatives.	Short-term
	Energy Source	<ul style="list-style-type: none"> Use of new technologies Shift toward decentralized energy generation 	Continued trends towards decentralized energy generation, such as cost and energy efficient on-premise solar, may present opportunities to reduce or diversify energy sources while lowering costs. Actions to achieve include ongoing monitoring and evaluation of decentralized energy generation (i.e. solar, geothermal, hydrogen technology) for piloting and potential deployment at facilities.	Long-term
	Product & Service	<ul style="list-style-type: none"> Continued trend to replace disposable products with reusable alternatives Continued trend toward outsourcing non-core processes 	Shift in consumer preferences away from disposable products may increase demand for reusable alternatives. Trends in outsourcing inefficient non-core on-site processing may accelerate as customers seek to achieve their own sustainability objectives. These opportunities may contribute to increasing revenue. Actions to achieve include continued investment in state-of-the-art equipment and commitment to our sustainability program.	Short-term
	Markets	<ul style="list-style-type: none"> Access to new markets, including home rentals (i.e., Airbnb, Vrbo) and regional market care-home beds 	Emergence of new markets, and delivery models, may expand addressable market and enhance core growth opportunities. Actions to achieve include ongoing evaluation of new markets and delivery models (i.e. linen hubs that have been successfully deployed in other similar geographies), and assessment of meaningful regional opportunities that align with K-Bro's industry leadership and value proposition.	Medium-term
	Resilience	<ul style="list-style-type: none"> Supply chain resilience 	Enhanced supply chain resilience may increase demand and encourage customers to switch to K-Bro in support of long-term dependable service throughout various market conditions. Actions to achieve include ongoing business contingency planning, evaluation and spec out of diverse suppliers, auditing of supply chain and supplier resilience assessments.	Medium-term

Appendix: SASB Responses

Sustainability Accounting Standards Board

The Sustainability Accounting Standards Board (SASB) standards outline industry-based sustainability disclosures related to risks and opportunities that impact enterprise value. Our responses for 2022 are outlined below.

Topic	Accounting Metric	Category	Unit	Code	Response
Data Security	Description of approach to identifying and addressing data security risks	Discussion and Analysis	n/a	SV-PS-230a.1	K-Bro uses software programs to identify potential data securities risks and perform analysis of the system updates. We audit and review our processes for potential enhancements and conduct security maintenance, which includes system patches, among other security efforts.
	Description of policies and practices relating to collection, usage, and retention of customer information	Discussion and Analysis	n/a	SV-PS-230a.2	K-Bro collects limited customer information, required in the normal course of business, which we do not consider to be sensitive in nature. K-Bro uses software programs to identify potential data securities risks and perform analysis of the system updates. We audit and review our processes for potential enhancements and conduct security maintenance, which includes system patches, among other security efforts.
	(1) Number of data breaches, (2) percentage involving customers' confidential business information (CBI) or personally identifiable information (PII), (3) number of customers affected	Quantitative	Number, Percentage (%)	SV-PS-230a.3	(1) 0 (2) 0% (3) 0
Workforce Diversity & Engagement	Percentage of gender and racial/ethnic group representation for (1) executive management and (2) all other employees	Quantitative	Percentage (%)	SV-PS-330a.1	(1) Executive Management: Gender: 26% Female / 74% Male Racial/ethnic group: 9% Asian / 91% White (2) All Other Employees: Gender: 49% Female / 51% Male Racial/ethnic group: 44% Asian / 21% Black or African American / 2% Hispanic or Latino / ~0.5% Indigenous / 2% Native Hawaiian / 30% White / ~0.5% Other

Appendix: SASB Responses (Continued)

Topic	Accounting Metric	Category	Unit	Code	Response
Workforce Diversity & Engagement	(1) Voluntary and (2) involuntary turnover rate for employees	Quantitative	Rate	SV-PS-330a.2	Voluntary turnover: 31% Involuntary turnover: 5% Note: Turnover rates are reported for the year, based on employees who have successfully completed 90-day probationary periods.
Professional Integrity	Description of approach to ensuring professional integrity	Discussion and Analysis	n/a	SV-PS-510a.1	K-Bro is committed to the highest standards of professional integrity. Our enterprise-wide Code of Business Conduct and Ethics (the "Code"), along with Insider Trading and Whistleblower policies cover a wide range of business practices and situations, setting out basic principles to guide all directors, officers and employees. The Code also outlines compliance procedures to ensure prompt and consistent action against violations.
	Total amount of monetary losses as a result of legal proceedings associated with professional integrity	Quantitative	Reporting Currency	SV-PS-510a.2	\$0
Employees	Number of employees by: (1) full-time and part-time, (2) temporary, and (3) contract	Quantitative	Number	SV-PS-000.A	Full time: 2,652 Temporary: 2 Contract: 0
Employee Hours	Employee hours worked, percentage billable	Quantitative	Hours, Percentage (%)	SV-PS-000.B	4,875,769 hours 0% billable Note: Total hours are calculated based on actual hours worked for hourly employees and 40 hours per week for salaried employees.



Appendix: SASB Responses (Continued)

Topic	Accounting Metric	Category	Unit	Code	Response
Supply Chain Management	Description of efforts to maintain traceability within the distribution chain	Discussion and Analysis	n/a	HC-MS-430a.2	K-Bro uses various technologies to maintain traceability within our distribution chain. We tailor solutions to meet the needs of each market and product line. K-Bro uses purpose-built software, barcode technology and Radio Frequency Identification (RFID) tagging to support the highest standards for tracking and tracing accuracy.
Supply Chain Management	Description of the management of risks associated with the use of critical materials	Discussion and Analysis	n/a	HC-MS-430a.3	Management of risks associated with the use of critical materials are incorporated in our enterprise-wide risk management processes. Textiles, water, energy, chemicals and replacement equipment parts are critical materials for our business. K-Bro employs a variety of strategies to manage potential risks, including diversification of suppliers, reserve inventory, stockpiling of materials and equipment redundancy.
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	Quantitative	Reporting currency	HC-MS-510a.1	\$0
Business Ethics	Description of code of ethics governing interactions with health care professionals	Discussion and Analysis	n/a	HC-MS-510a.2	K-Bro is committed to the highest standards of professional integrity. Our enterprise-wide Code of Business Conduct and Ethics (the "Code") covers a wide range of business practices and situations, setting out basic principles to guide all directors, officers and employees. These principles govern interactions with health care professionals. The Code also outlines compliance procedures to ensure prompt and consistent action against violations.
Labour Practices	Description of policies and programs to prevent worker harassment	Discussion and Analysis	n/a	SV-HL-310a.4	K-Bro has implemented a workforce diversity policy to, among other things, remove barriers to diversity and ensure equal employment opportunities. K-Bro does not tolerate discrimination or harassment of any kind. Our enterprise-wide Code of Business Conduct and Ethics (the "Code") covers discrimination and harassment. The Code also outlines compliance procedures to ensure prompt and consistent action against violations.

Appendix: SASB Responses (Continued)

Topic	Accounting Metric	Category	Unit	Code	Response
Fleet Fuel Management	Description of efforts to reduce the environmental impact of logistics	Discussion and Analysis	n/a	HC-DI-110a.2	K-Bro has achieved Clean Green and ISO 14001 certifications, which include various practices to reduce the environmental impact of logistics. Our practices include maintaining a modern fleet, including plug-in hybrid vehicles and employing logistics software to optimize routes and enhance fuel efficiency. We evaluate opportunities to adopt Hybrid and EV vehicles, where feasible. In the UK we've switched our company car fleet to plug-in hybrid vehicles.
Product Lifecycle Management	Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle	Discussion and Analysis	n/a	HC-DI-410a.1	Our circular business model includes delivering clean linens to customers and picking up used items to be washed and returned. We offer customers options for delivery of clean linens in covered reusable containers. Where healthcare customers require polyethylene packaging for hygiene reasons, we use recyclable packaging. We work with customers to evaluate alternatives to eliminate packaging and are committed to eliminating single-use plastics.
Business Ethics	Description of efforts to minimize conflicts of interest and unethical business practices	Discussion and Analysis	n/a	HC-DI-510a.1	K-Bro is committed to the highest standards of professional integrity. Our enterprise-wide Code of Business Conduct and Ethics (the "Code"), along with Insider Trading and Whistleblower policies cover a wide range of business practices and situations, setting out basic principles to guide all directors, officers and employees. The Code also outlines compliance procedures to ensure prompt and consistent action against violations.
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with bribery, corruption, or other unethical business practices	Quantitative	Reporting currency	HC-DI-510a.2	\$0

Appendix: K-Bro Mapping to UN SDGs



The United Nations Sustainable Development Goals

We embrace our opportunity to support a more sustainable future and believe our priorities and initiatives align with six of the United Nations Sustainable Development Goals (SDGs). The aligned targets and K-Bro actions are detailed in the table below.

SDG	Aligned Targets	K-Bro Actions
	5.1 Gender equality and non-discrimination 5.c Policies to promote gender equality and the empowerment of women	K-Bro has implemented a workforce diversity policy to, among other things, remove barriers to diversity, ensure equal employment opportunities, eliminate unconscious bias and improve representation of females and minorities. We have also implemented a supplier diversity policy and ensure suitable gender, labour and human rights policies, among others, are in place to address a broad spectrum of working conditions within our supply chain.
	6.3 Improve wastewater treatment, recycling and safe reuse 6.4 Increase water-use efficiency and ensure sustainable withdrawals	K-Bro is recognized as an innovator in developing water and energy-efficient cleaning and drying systems. We use highly-efficient tunnel washers, requiring approximately half the water of a traditional washer system, and the latest technology in water extraction by means of centrifugal extractors or large hydraulic presses. We are TRSA Clean Green certified and adhere to strict water conservation standards, among other criteria. All wastewater is safely treated in accordance with regulatory requirements.
	9.4 Upgrade industry for sustainability and efficiency 9.5 Upgrade industrial technological capabilities	K-Bro invests in state-of-the-art, highly energy efficient technology from world-class manufacturers. Among our advanced processing equipment, we use highly efficient tunnel washers equipped with microprocessor that conserve water and optimize both temperature and use of environmentally-friendly cleaning solutions. After washing, the latest technology in water extraction and drying is used. We've also installed heat recovery and energy conserving daylight harvesting systems.
	11.3 Enhance inclusive and sustainable urbanization 11.6 Reduce adverse environmental impacts of cities	K-Bro embraces sustainable urbanization combining economies of scale and the most operating and energy efficient technology with fit-for-purpose industry best practices. We have constructed five purpose-built highly-efficient state-of-the-art facilities in the largest urban markets to support responsible growth. In addition to our largest urban facilities, we continuously invest in all our facilities to improve operating and energy efficiencies and adhere to strict energy and water standards for conservation.
	12.5 Substantially reduce waste generation 12.6 Encourage companies to adopt sustainable practices and sustainability reporting	K-Bro undergoes independent auditing and validation of our commitment to meeting strict water and energy consumption, minimizing landfill waste and emissions, ensuring route optimization, and several other criteria. We support and align our sustainability efforts to established and recognized frameworks and standards, including TCFD and SASB. We are committed to transparency and governance best practices and are proud to publish our inaugural sustainability report.
	13.1 Strengthen resilience and adaptive capacity to climate-related hazards 13.2 Integrate climate change measures	K-Bro implements Best Management Practices (BMPs) in our processes, systems and procedures for reusing, reclaiming and recycling resources, and adheres to industry water and energy standards for conservation. BMPs include, but are not limited to, heat recovery technology, water reuse technology, fleet vehicle route optimization, environmentally friendly chemical use, energy efficient lighting and recycling programs. We are committed to continuous improvement in operating and energy efficiencies.

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Abbreviations and Acronyms

- CNGC: Compensation, Nominating & Corporate Governance
- Code: K-Bro's Code of Business Conduct and Ethics (the "Code")
- DE&I: Diversity, Equity & Inclusion
- ESG: Environment, Social and Governance
- FSB: Financial Stability Board
- GHG: Green House Gas
- HLAC: Healthcare Laundry Accreditation Council
- IFRS: International Financial Reporting Standards
- ISO: International Organization for Standardization
- ISSB: International Sustainability Standards Board
- (L): Liter
- (lb): Pound
- PPE: Personal Protective Equipment
- RFID: Radio Frequency Identification
- SASB: Sustainability Accounting Standards Board
- SDG: Sustainable Development Goals
- TCFD: Taskforce for Climate-Related Financial Disclosure
- (tCO₂e): tonnes (t) of carbon dioxide (CO₂) equivalent (e)
- TRSA: Textile Rental Services Association

At-Home Water Usage Assumptions

At-home laundry water usage based on publicly available information for illustrative purposes only.

At-home washing was based on the following inputs:

- Laundry load size: 11 pounds⁽¹⁾
- Standard washing machine: 20 gallons / 76 Liters per load⁽²⁾

At-home water per pound was calculated as follows:

- Water per pound: 76 Liters / 11 pounds = 6.9 L of water

(1) Source: Tide website <tide.com> Based on 11 lbs "large load" in a HE machine from Tide's "washing machine capacity and load size guide" tab under "washing machine load size chart", accessed on September 29, 2023.

(2) Source: Energy Star website <energystar.gov> Based on 20 gallons of water used by standard washing machine from EnergyStar's "Energy Star Certified Residential Clothes Washers" tab under "buying guidance", accessed September 29, 2023.



Appendix: Sustainability Data Summary Table

Topic	Metric/Unit	2022
Financial/Operational		
Revenue	Canadian dollars (millions)	\$277 million
EBITDA	Canadian dollars (millions)	\$36 million
People		
Board Gender Diversity	Percentage	40% Female / 60% Male
Senior Executive Gender Diversity ⁽¹⁾	Percentage	67% Female / 33% Male
Enterprise-wide Gender Diversity	Percentage	49% Female / 51% Male
Planet		
GHG emissions - Scope 1	tCO2e	51,612 tCO2e
GHG emissions - Scope 2	tCO2e	5,511 tCO2e
Scope 1 & 2 GHG Intensity	tCO2e / revenue \$ millions	\$206

(1) Reflects senior management vs. SASB SV-PS-330a.1 executive management



K·BRO

Strategic
growth.
Dependable
income.

