

Environmental Social Governance Report

ANCHOR GROUP OF COMPANIES

LODESTAR STRUCTURES INC.

ANCHOR CONCRETE PRODUCTS LTD.

ANCHOR CONCRETE REALTY INC.

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A message from Jeff Bradfield, CEO and Laurie Bradfield, V.P. Sustainable Research:

After a life's work and education related to the manufacturing and construction of public infrastructure; I am compelled to direct my team's vision and resources at the Anchor Group of Companies (Lodestar Structures, Anchor Concrete, Anchor Realty) to view and implement our ESG commitments with a different perspective. A perspective that accepts profit and progress, but not at the expense of our responsibilities. Simply put; be responsible first and profitable second in our approach. To obtain our goals, we will focus on eliminating the waste in everything we do and commit to leaving our planet in a better state than it was when we took it over. What good is profit if future generations cannot inherit a planet that is clean and safe?

Through our journey, our team has witnessed that acceptance of this direction, has provided a clear and refreshing pause in our approach, which has allowed us to understand how incredibly wasteful our current systems and practices have become. This understanding has prompted us to re-imagine responsibility and profit (sustainably) from a more regenerative model. A model where Infrastructure and Community Development cherish the paradigms of nature and find a place within, that we can create people spaces. A new approach, one which starts from the basis of first principals and removes everything from the system that does not add value and/or cannot be re-used.

The strength in our commitment is derived from the respect we have in each other.

1. Company Overview

- Company history and mission

“Eliminating Waste in Infrastructure” and “Innovation through engineering.”

Anchor Concrete Products Limited was founded in 1969 in Kingston, Ontario, Canada by Howard and Barbra Bradfield. What started as a three-employee business has grown significantly over 50 years of operation. Second generation owner Jeff Bradfield’s passion for innovative solutions led Anchor through multiple expansions to become a fixture in the precast concrete industry.

Anchor Concrete Products Ltd. is committed and driven by the pursuit of eliminating waste in infrastructure. Waste can be seen as any avoidable incurred cost, both material or time, which does not offer value, or which can be eliminated from the construction process through either focused project management, or even a complete re-thinking of the status quo.

Anchor Concrete Products Ltd. has made significant strides in advancing innovation and meeting Environmental, Social, and Governance (ESG) goals within the concrete industry by focusing on sustainable practices and technological advancements. The company has embraced eco-friendly initiatives, such as incorporating recycled materials and refining concrete formulations to reduce its carbon footprint. Investments in state-of-the-art equipment and automation have enhanced production efficiency and quality assurance. By adopting advanced quality control measures and leveraging its team’s expertise in project management, Anchor Concrete ensures that its products meet the highest standards while minimizing environmental impact. The company's commitment to continuous improvement is evident through its collaboration with local and provincial industry partners, reflecting a proactive approach to innovation and addressing the evolving needs of the construction sector. Additionally, Anchor Concrete emphasizes energy efficiency and invests in technologies that reduce waste and resource consumption. Socially, the company fosters a supportive work environment, offers professional development opportunities, and ensures safe, fair working conditions. It also engages with local communities through outreach programs and partnerships that support social development. On the governance front, Anchor Concrete upholds strong ethical standards with transparent reporting and effective risk management practices, ensuring accountability and building trust among stakeholders. By integrating these ESG principles into its operations, Anchor Concrete demonstrates a comprehensive commitment to responsible business practices and long-term sustainability.

Anchor has now turned its intention and expertise to designing and constructing rapidly produced and assembled pre-cast concrete structures to constructing 'people spaces' with a mission for our technology to play a key role in "making cities and human settlements inclusive, safe, resilient, and sustainable."

The Anchor corporate vision is perhaps best expressed by the following quote:

"You never change things by fighting the existing reality. To change something, build a new model that makes the existing model obsolete."

- Richard Buckminster Fuller

After many years of trying to reduce waste in the existing infrastructure model with little success, Anchor sold off the 'wasteful' product lines and operations to begin anew from a 1st Principles approach.

- Business model and operations

As a pre-cast concrete manufacturer, Anchor's business model is to provide high quality products focused on reducing material waste and labour while maximizing the longevity and ease of use of its pre-cast concrete solutions.

Anchor believes all business owners and leaders have an ethical obligation to act in ways that create a better world for future generations that transcends legal and financial boundaries. Anchor engages in ethical business practices, environmental stewardship, community engagement and building products that are not only safe, but will last generations.

- Organizational structure

Anchor Concrete Products Ltd. is an incorporated business owned by its shareholders, with Jeff Bradfield and Laurie Bradfield as the majority shareholders. The company's organizational structure is designed to integrate ESG principles into decision-making at every level, ensuring that sustainability and social responsibility are core components of our corporate strategy. In Anchor Concrete's team-oriented environment, managers and leaders play a crucial role in aligning the company's operations with Environmental, Social, and Governance (ESG) goals. Through collaborative efforts, we guarantee accountability and leadership, facilitate effective integration, communication, and resource allocation

across all departments, and ensure efficient company-wide reporting. This approach guarantees strategic alignment and supports long-term success in achieving our ESG objectives.

See Appendices for Organization Chart. ¹

2. ESG Goals and Strategy

- Short-term and long-term ESG goals

In the short-term, through its forward-thinking product line and vision, the Anchor Group is focused on providing intelligently designed, ‘cradle-to-cradle’ minded pre-cast concrete solutions that minimize waste and cost while maximizing the use-case flexibility of its product offerings in our local markets. For example, in the short term (by 2031), we aim to partner with a local quarry to integrate key manufacturing efficiencies that will allow Anchor to produce 18.2 million ft² of structured housing space with a newly patented building system of pre-cast concrete building units over the course of 7 years with a land-affected area of only 55 acres. By producing high quality pre-cast concrete building units at the quarry site, we can eliminate more than 50% of the required vehicle traffic associated with the production on concrete vs. traditional cast-in-place concrete manufacturing. Running parallel to such pursuits is to share our knowledge and sustainability focused procedures and operations to other like-minded businesses who seek to do the same for their own local markets around the world.

In the long-term (by 2040), we intend to develop the lowest-cost, lowest-waste, and longest-lasting pre-cast concrete products on the market, with a target of reducing CO₂ emissions by 30%. As we develop our products and procedures, Anchor eagerly looks forward to the opportunity to continue to share such developments with the world.

- Strategic initiatives and action plans

The Anchor Group’s strategic initiatives include the further reduction of any unnecessary or wasteful pursuit in the manufacturing, shipping, installation, and use of pre-cast concrete building products. With efforts underway to substantially further reduce CO₂ expenditures at various stages of the manufacturing process, Anchor believes that there still are many avenues yet to explore for further in-line reduction of inherently inefficient production models that are currently seen as the status quo. Every dollar that can be saved through the careful planning of the production process is energy not consumed. It is also a dollar of savings that can be passed along to the end user, leading Anchor to the ultimate goal of

providing the longest lasting and most durable building components at a price that is fair and attainable to its customers while maintaining stewardship of the environment. The Anchor Group has outlined specific strategic initiatives to achieve our ESG goals. These include reducing CO2 expenditures by 15% over the next five years through improved manufacturing processes, reducing material waste by 20% in production, and enhancing energy efficiency in our operations. These initiatives will be led by our Environmental and Operations teams, with progress monitored quarterly to ensure we meet our targets. Anchor works diligently to achieve our ESG goals by consistently investing in research and development, staying up to date on emerging technologies and efforts that seek to reduce the carbon footprint in the industry, and fostering a culture of innovation while also enhancing sustainable practices. Our Engineering, Architectural Technology, Research & Development, and Quality Assurance departments continuously evaluate and improve internal processes to enhance efficiency, reduce costs, and improve our environmentally conscious initiatives from development to delivery.

- Alignment with global standards and frameworks

The Anchor Group of companies are strong believers in, and supporters of, the pursuit of the United Nations “17 Goals for Sustainable Development”.² The belief that everyone is deserving of “The 17 Goals” is a primary tenant of the Anchor Group.

Anchor Concrete is actively working to meet the United Nations’ 17 Sustainable Development Goals (SDGs) by integrating sustainable practices into its operations and corporate strategy. The company focuses on several key areas, including promoting clean water and sanitation through efficient resource management (SDG 6), adopting energy-efficient technologies to reduce its carbon footprint (SDG 7), and supporting sustainable industrialization and innovation through the development of Lodestar (SDG 9). Anchor Concrete also emphasizes decent work and economic growth (SDG 8) by ensuring fair labor practices and investing in employee development. Furthermore, Anchor’s commitment to community engagement and environmental stewardship aligns with goals related to responsible consumption and production (SDG 12) and climate action (SDG 13).

Through these efforts, Anchor Concrete contributes to the broader global objectives of sustainable development and social responsibility. While we may not be in a position to directly affect each and every facet of “The 17 Goals” directly through the day-to-day operations of the business, many of the goals identified by the United Nations are affectable through the actions of the business and its product minded focus to contributing to global solutions that are in our area of expertise.

3. Performance Metrics and Reporting

- Key ESG performance indicators

Key performance indicators for the Anchor Group regarding Environmental and Social Governance are used to measure the effectiveness of Anchor's efforts with regard to the elimination of waste in infrastructure. Our key performance indicators (KPIs) include Scrap Monitoring, Energy Use Monitoring, and Community Involvement. These KPIs are continuously refined to ensure they reflect our progress toward our ESG goals. Future KPIs will include tracking CO2 reduction in our supply chain and customer satisfaction with our sustainability initiatives.

- Scrap Monitoring – By closely monitoring our scrap/waste output in steel, concrete, labour, and refuse, we ensure ongoing progress in our waste reduction objectives. We continuously analyze data to identify areas for further improvement, implement targeted strategies to minimize waste, and regularly review our practices to adapt and enhance our waste management efforts.
- Energy Use Monitoring – Through a steady progression, Anchor has sought out new ways to reduce its energy consumption. By monitoring year over year, Anchor ensures that its new practices and procedures advance its position as an industry leader all while lowering its energy input requirements.
- Community involvement – Anchor strives to maintain a positive position in the local community, both through participation in community events close to the team, and through maintaining our image and place as one of our communities preferred employers that supports our varied stakeholders. We continually seek feedback from the community to enhance our contributions and maintain a positive reputation as a preferred employer. By regularly assessing our community impact and adjusting our involvement strategies, we ensure that our presence and support remain aligned with local needs and expectations.

- Data and analysis of ESG performance

The Anchor Group has found notable achievements in our efforts to reduce waste in our processes. We have realized a 30% reduction in peak demand energy charges by optimizing our energy use, demonstrating our commitment to cost-effective and efficient operations. Additionally, the implementation of high-efficiency lighting has led to a 10% reduction in total electrical consumption, highlighting our dedication to reducing our carbon footprint. Furthermore, by incorporating automation and rainwater harvesting systems, we have achieved a remarkable 50% reduction in personal water usage, reflecting

our proactive approach to resource conservation. These achievements not only position us ahead of industry benchmarks but also contribute to our broader goal of reducing our environmental impact. By outperforming industry averages in Concrete Use Index (CUI), we continue to lead in sustainable building practices.

- Comparisons with industry benchmarks

A recent development in the precast concrete industry is the measurement of the Concrete Use Index (CUI) of a product. The CUI measures the efficiency of concrete use by comparing the total volume of concrete required to the structured space it creates. For instance, Hollow slabs are historically highly regarded for their efficient use of concrete, as they effectively combine structural integrity with reduced material consumption. However, Anchor's new Lodestar Permanent Modular Building Units have demonstrated even greater efficiency, surpassing Hollow slabs in CUI benchmarks when considering the overall structure material as opposed to just the slab. The integration of modularity and a moment frame have enabled these efficiencies. This achievement highlights Anchor's commitment to minimizing waste and optimizing resource use. By continuously refining their designs and practices to use less raw material while achieving the same or better structural outcomes, Anchor Concrete remains dedicated to advancing sustainability and enhancing the efficiency of building materials.

- Notable Awards and Media Coverage

Anchor has been honored with several prestigious industry awards for innovative precast concrete designs and manufacturing practices. More recently, in January 2024, Anchor's Lodestar system was named “Most Innovative Product” at the World of Concrete event in Las Vegas, the largest concrete industry gathering in North America.

The Lodestar system has also been featured on TV, in a recent episode of ‘Advancements with Ted Danson’. ‘Advancements’ approached Anchor Concrete requesting permission to feature the Lodestar Building System and to illustrate the advancements that the Lodestar Building System provides to the global construction industry. On March 23, 2024, the episode was aired on Bloomberg TV, featuring the Lodestar Building System, supported by interviews with Kingston industry experts.³

Additionally, in 2022, Anchor’s Lodestar Structures system received the “Structural Engineering: Precast” award at the Ontario Concrete Awards. The accolades recognized

the system’s rapid on-site assembly, ease of installation, efficient use of concrete, versatility in design, and the durability of its permanent modular components.⁴

4. Environmental Performance

- Environmental impact and footprint
 - Greenhouse gas emissions

At Anchor, addressing CO2 emissions is a key priority, particularly as a producer of precast concrete. While Portland cement production contributes to greenhouse gas emissions, this challenge drives our commitment to innovation and efficiency. We focus on minimizing concrete waste and maximizing the effectiveness of raw material usage to create our precast structures. Our Lodestar product line and building system exemplifies this approach, achieving one of the highest Concrete Use Index scores by effectively balancing the volume of concrete used with the structured space produced. By leveraging intelligent material use and the long lifespan of precast concrete—often lasting hundreds of years—Anchor ensures one of the lowest CO2 expenditures per square foot of structured space throughout the product’s lifecycle. This forward-thinking strategy underscores our dedication to reducing environmental impact and advancing sustainable construction practices.

- Energy usage

It is the belief of Anchor that energy is one of the world’s most wasted resources. When considering the scope of the infrastructure required to produce energy for our homes/offices/factories, a wasteful mindset towards energy use renders much of the up-stream activity required for its production to also be wasteful. Anchor closely monitors its energy expenditures and strives to only use what we need for our operational functions. Anchor practices thermal energy conservation, and utilizes high efficiency lighting in the yard, office, and production areas. Anchor actively seeks opportunities to further reduce its own internal energy needs, as well as produce supplemental energy on-site via roof-top PVE and planned thermal energy storage systems.

- Waste management

Anchor believes that ‘waste’, as we know it, is a human construct that is not found in naturally occurring systems. What may be ‘waste’ at the end of one naturally occurring system/cycle is often just a new raw material to be used by another system or cycle. This is a core belief of the Anchor team, and we strive to minimize ‘waste’ as we know it. Concrete waste can be crushed and used as aggregate sources. Steel waste is melted down to make

new materials. In some instances, Anchor uses ‘waste products’ from other industries, such as steel slag in concrete mix, which can be used to offset carbon emissions associated with the use of Portland cement.

- Water usage

Anchor is a staunch believer that one of humanities most wasted resources is in water usage. As water plays a crucial role not only in the production of concrete but also for every community across the globe, Anchor strives to use water sustainably. A long-time producer of stormwater/sanitary sewer products, Anchor has a unique insight into just how much water is ‘wasted’ due to run-off, impermeable surfaces, and household use. On a manufacturing front, Anchor has installed stormwater retention ponds on-site for the harvesting of water that falls on its grounds. In this manner, rainwater can be captured, processed, and used in the production of pre-cast concrete, lessening the need for city-supplied water. We believe that water should be captured, sequestered, and used where it falls, using permaculture principles whenever possible.

- Environmental initiatives and goals

The reduction or outright elimination of waste in our processes. Any ‘waste’ from our processes should be able to become a new raw material for a subsequent process when and wherever possible. Anchor believes in this outlook to such a degree that it has liquidated entire product lines that were deemed to contribute heavily to wasteful practices.

- Case studies or examples of successful projects

An example of a case study for Anchor Group’s social and environmentally minded pursuits can be found through BDC (Business Development Bank of Canada).

“A Case Study on Eliminating Waste in Infrastructure”, September 2023, BDC.ca ²

5. Social Performance

- Employee relations and labor practices
 - Diversity and inclusion

Anchor Group believes the principles of diversity, inclusion, and equity to be essential to our corporate mission. It is our belief that a well represented and diverse workforce only serves to broaden our horizons and to open doors to new ideas.

- Employee health and safety

It is vital for every employee to maintain and strengthen their mental and physical health so that they may thrive both personally and professionally. This is only possible in a safe, secure, and comfortable work environment. We place a top priority to human life, safety and legal compliance, and full support of workplace health and safety (WSIB Ontario) and of our employees. Anchor also is keenly aware of the shortage of family doctors in the province of Ontario and of the challenges that this can raise for employees and their families. Anchor provides company-paid access to medical professionals such as doctors, nurses, and health advisors to ensure all employees, and their families, have the access to healthcare that they need.

- Training and development

Anchor Group believes in, and relies upon, internal training and development practices. Many employees do not arrive at Anchor with a concrete-minded skillset. General knowledge training is of importance to ensure team members are all working from the same body of knowledge. Moving beyond general industry knowledge, Anchor provides employees a broad spectrum of training and development opportunities pertaining to both equipment, procedures, and education. Employees have earned engineering degrees, been certified for welding tickets, received mobile and overhead crane tickets, as well as first responder and Joint Health and Safety Officer certifications – to name a few. Anchor, when possible, promotes and hires internally. By offering employees at all levels opportunities for education and training, Anchor stands to benefit by hiring/promoting individuals with company-specific knowledge just as much as the employees who are adding to their own accreditations does.

- Community engagement and impact

Anchor Group is a proud supporter of local charitable organisations and has enthusiastically supported many notable, local, charitable causes through both volunteered time and financial contribution. Such causes and cases include: BGC Kingston (formerly Boys and Girls Club), St. Vincent De Paul Society, Habitat for Humanity, Food Bank of Kingston, Little Forest Kingston, Rotary Club, as well as many local youth sports teams.

The team at Anchor is always pleased for an opportunity to help those in need, and indeed the entire corporate vision is based on this founding principle. Anchor believes that

“Everyone has a right to a Safe, Secure place to Live, Learn, Work, and Play”. It is with this tenant in mind that Anchor developed and launched the Lodestar Permanent Modular Building System, with the intent to drastically lower the cost of housing and open access to robust, rapid, and resilient housing for all.

Community involvement is a powerful tool for innovation, as it fosters a dynamic exchange of ideas and perspectives between organizations and local stakeholders. By engaging with communities, Anchor continues to gain valuable insights into local needs, challenges, and opportunities, which can inspire creative solutions and new approaches within Ontario and abroad. This collaborative interaction not only helps tailor innovations to better address real-world issues, such as access to climate resistant, affordable and safe housing, but also builds stronger relationships and trust within the community. Furthermore, community feedback can highlight areas for improvement and spark ideas for new products or services. Involving local residents and organizations in the innovation process can have a significant impact on new initiatives, leading to more effective and widely accepted solutions. Overall, community involvement improves the innovation process, ensuring that advancements are both practical, accessible and beneficial to the people they aim to serve.

- Customer relations and product responsibility

Anchor knows that it is not enough for a company to do right by its shareholders alone. A company should provide value to all its stakeholders. From employees, to customers, to neighbours, and onwards into the general community, Anchor Group strives to maintain its position as an environmentally and socially responsible business that leaves things better for the community through its involvement. To do so, Anchor is focused on providing products that do right by the customer as well as the environment. From eliminating harmful chemicals used for production on-site, to implementing purchasing policies that encourage nontoxic product purchasing, to redeveloping entire product lines so that dozens of trucks a day can be removed from the roads, Anchor maintains a focus on minimizing when necessary - and entirely removing, when possible - both the personal and environmental impacts associated with the production of pre-cast concrete. From the production floor, to on-site installation, and onwards over the lifecycle of the product, Anchor is committed to the betterment of all of its stakeholders through an environmentally focused approach to building and manufacturing.

6. Governance Performance

- Board composition and diversity

As a small business, Anchor Group's board composition is primarily family ownership. As the Anchor team continues to grow, it looks forward to the opportunity to add like-minded individuals to the board of directors, who embody the values of social and environmental responsibility. As part of our commitment to good governance, Anchor Group's board composition reflects our dedication to diversity and ESG principles. Currently, 30% of our board members are women, and we aim to increase this to 40% by 2026. Our governance policies are designed to ensure transparency, prevent conflicts of interest, and uphold the highest ethical standards.

- Ethics and compliance

As a 54+ year old family run business, Anchor remembers the days that a handshake was as good as a signed Purchase Order. The Anchor team prides itself on its ethical standards in business and hopes to treat every customer as if they were family. It is the belief of the Anchor Group that it is not enough to only do good when someone else is watching. We must always aim to conduct ourselves ethically in all aspects of the business. From customer, to suppliers, to employees and external stakeholders, the Anchor Group upholds a high standard of ethics both internally in the day-to-day business operations and externally into the surrounding community. Anchor's 'Ethics and Code of Conduct' are prominently displayed on the walls of every space occupied by its employees and are championed by the leadership team each day.

- Risk management

Through its policies and procedures, Anchor Group maintains a robust framework to manage risks related to corporate governance, ethical conduct, and regulatory compliance. Such governance policies and procedures are designed to prevent conflicts of interest, ensure transparency, and uphold high standards of corporate ethics. Our ESG practices have evolved over time as Anchor has integrated more comprehensive ESG risk considerations into its risk management process. Anchor is dedicated to proactively addressing potential challenges and seizing opportunities to enhance our sustainability performance. Our commitment to continuous improvement underscores our goal of creating lasting positive impact for our stakeholders and the environment. Anchor Group's

commitment to evolving its risk management practices reflects its dedication to creating a lasting positive impact for stakeholders and the environment.

7. Challenges and Areas for Improvement

- Lessons learned and strategies for addressing issues

The Anchor Group has always felt beholden to the environment and to its stewardship of the principles of environmentally responsible manufacturing. While Anchor has always made this a tenant of its business operations, we could do a better job of communicating our victories and successes to others who may wish to follow our vision. One challenge we have faced is the high cost of implementing new sustainable technologies. Anchor believes now is the time to set a better example for others, and to espouse our directives for the betterment of our community and humanity. It is the goal of the Anchor Group to now champion a path forward, and to provide to others the roadmap for rethinking our place in the environment, the effects our products and industries have both socially and environmentally, and a mindset of continuous improvement. We will continue to showcase our projects, research developments and visions for future change as we move forward with this work. We believe that sharing resources, engaging communities and stakeholders worldwide, and continuing to push for change in the industry will be paramount to tackling the housing crisis, improving sustainable practices, and leaving a better world for future generations to grow, play and prosper.

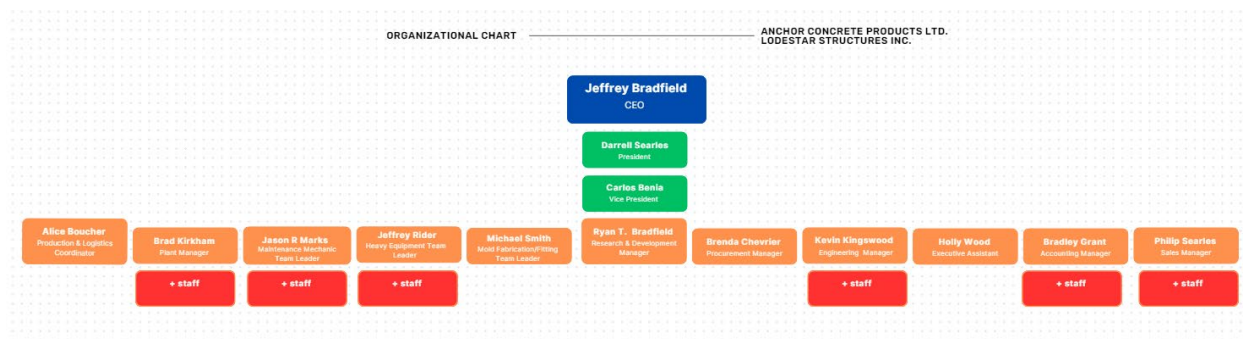
- Areas of focus for future improvement

Anchor will continue to eliminate waste in infrastructure in as many forms as possible, as the elimination of waste in any process is an addition of value. We believe that there is still waste to be found, and value to be added. The mindset of doing more with less, looking at existing systems with a critical eye, and maintaining a desire to do better. Anchor will continue to champion these beliefs.

8. Appendices

- Additional resources or references

1 Organization Chart



- 2 “The 17 Goals”, United Nations, Department of Economic and Social Affairs,
Sustainable Development

<https://sdgs.un.org/goals>

- 3 ‘Advancements with Ted Danson’.

View the episode at <https://youtu.be/UakBgMetV6E>

- 4 Ontario Concrete Awards, Lodestar Structures, ‘Structural Engineering: Precast’

<https://www.concreteawards.ca/wp-content/uploads/2022/09/Structural-Engineering-Precast-Lodestar-Structures-1.pdf>

- 5 “A Case Study on Eliminating Waste in Infrastructure”, September 2023, BDC.ca¹

<https://www.bdc.ca/en/articles-tools/sustainability/climate-action-centre/articles/anchor-wants-cut-costs-and-lower-environmental-footprint-of-concrete-manufacturing>