



Sustainability & Social Responsibility Report

Taylor Labeling Solutions Mexico

2025



Contents

| | |
|--|-----------|
| Environmental, Social and Governance Strategy | 3 |
| Environmental | 3 |
| Social | 3 |
| Governance | 3 |
| Corporate Social Responsibility Program | 4 |
| Changes and Environmental Updates | 5 |
| Environmental Stewardship | 6 |
| Waste Management | 7 |
| Water Management | 7 |
| Air Emissions (Scope 1) | 7 |
| Energy Management (Scope 2) | 8 |
| Commitment to Our Communities | 9 |
| 2025 Community Initiatives | 9 |
| Health, Safety and Respect | 10 |
| Safety Performance | 10 |
| Health & Well-being | 11 |
| Emergency Preparedness | 11 |
| Labor Practices & Human Rights | 11 |
| Fair Compensation | 12 |
| Diversity, Equity & Inclusion | 12 |
| Employee Engagement & Workplace Environment | 12 |
| Governance | 13 |
| Supply Chain Oversight | 13 |
| Ethics and Compliance | 13 |
| Compliance Performance | 13 |



Environmental, Social and Governance Strategy

Taylor's core purpose is to create opportunity and security for our employees. This commitment extends beyond our operations, guiding the way we conduct business and the impact we strive to generate in the communities and environments where we operate.

Environmental

We are committed to managing natural resources responsibly by optimizing the use of energy, water, and materials, while minimizing environmental impact across our operations and value chain.

Social

We foster a culture grounded in respect, inclusion, and well-being, promoting the health, safety, and development of our employees, while actively contributing to the communities we serve.

Governance

Our governance framework is built on integrity, transparency, and accountability, ensuring ethical conduct, regulatory compliance, and sound decision-making across all levels of the organization.

This report presents an overview of Taylor's performance and progress across Environmental, Social, and Governance (ESG) priorities, reflecting our commitment to responsible business practices, continuous improvement, and long-term sustainability.

The data presented in this report represents a comparative analysis of results for 2024 and 2025.



Corporate Social Responsibility Program

The Corporate Social Responsibility (CSR) Program is structured around an annual plan that defines key initiatives across the following areas: leadership, workplace environment, mental health, community engagement, safety, employee engagement, accountability, health, and collaboration with organizations dedicated to supporting people in need.

| 2025 | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sept | Oct | Nov | Dec |
|-------------------|------|------|------|------|------|------|------|------|------|------|------|------|
| Compliance | 100% | 100% | 100% | 100% | 67% | 100% | 100% | 0% | 100% | 100% | 100% | 100% |
| Target | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

Driving Impact Through CSR Initiatives

Annual actions across core areas to strengthen our people, workplace, and community:

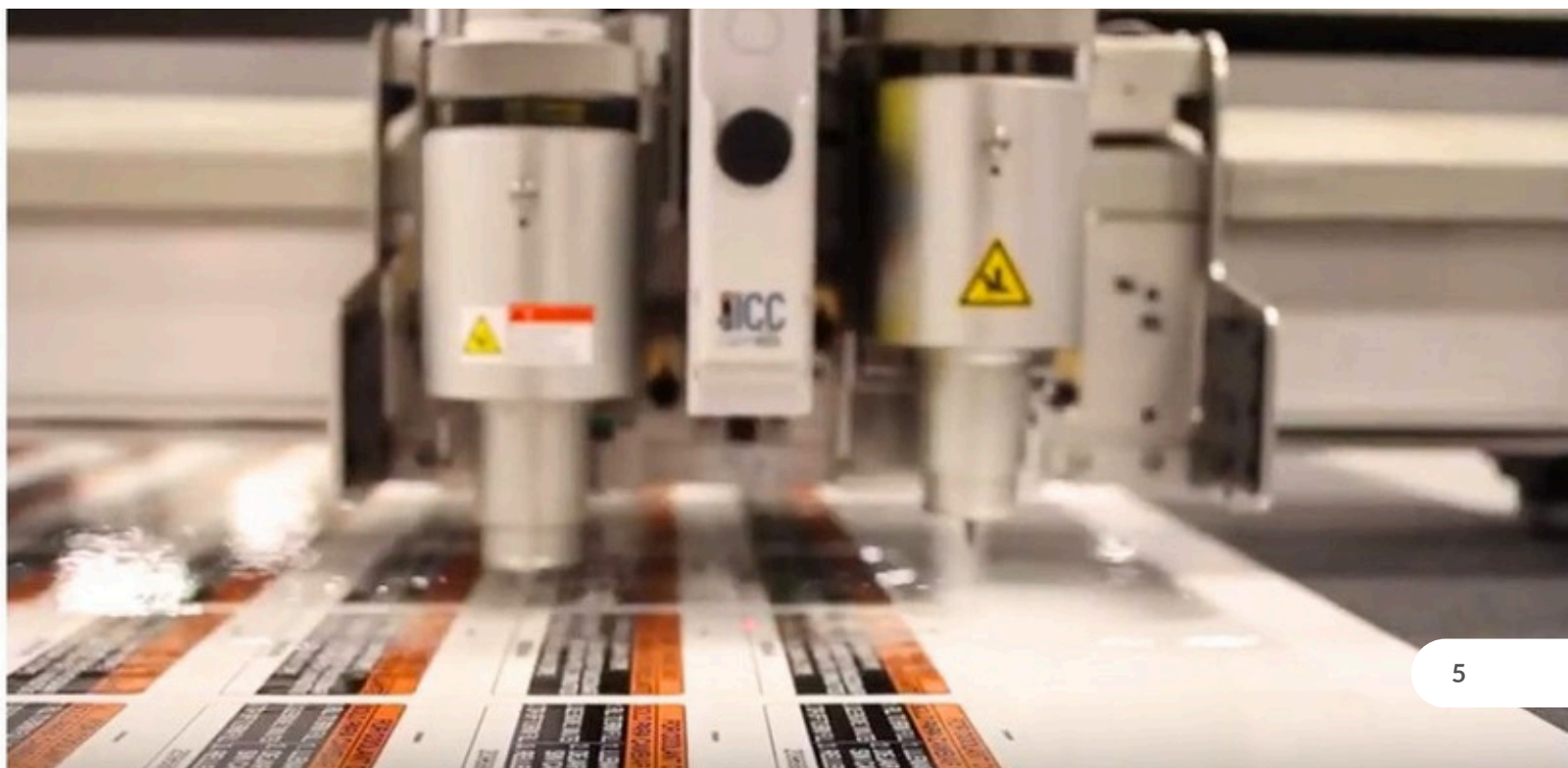
In 2025, Taylor advanced its Corporate Social Responsibility (CSR) strategy through a series of initiatives aimed at enhancing employee well-being, fostering engagement, and promoting a positive organizational culture. Activities within the organizational environment focused on strengthening employee connection and health through social events, vaccination campaigns, and preventive health screenings, contributing to a more engaged and resilient workforce.

Efforts in the work environment and leadership development reinforced a safe and ethical workplace through targeted training, awareness programs, and initiatives focused on mental health, accountability, and interpersonal skills.

Changes and Environmental Updates

Summary of internal and external changes impacting environmental performance and compliance

- The Reuse Material Indicator has been updated, achieving its target through the implementation of the Pallet Segregation Project.
- The Paperless Project has significantly reduced paper consumption on the shop floor, contributing positively to the reduction of carbon footprint and deforestation impact.
- The incorporation of new equipment is expected to increase energy consumption, as well as the generation of non-hazardous and hazardous waste.
- A revised Energy KPI has been established, setting a new threshold of <300,000 kW in alignment with the addition of new equipment.
- The environmental licensing process for air emissions was approved by the State Environmental Secretariat on June 16, 2025. Subsequent testing of the new chimneys was successfully conducted in July 2025.
- Environmental impacts have been updated and are now communicated through pictograms corresponding to each identified environmental aspect, improving awareness and understanding across operations.





Environmental Stewardship

Driving responsible resource management and minimizing environmental impact across our operations

Concern for the environment is a natural extension of our mission. Our Environmental Stewardship approach focuses on identifying, managing, and reducing the environmental aspects associated with our operations, while strengthening sustainability performance and regulatory compliance.

Environmental Framework

Our operations are evaluated based on key environmental aspects, including energy and water consumption, paper usage, emissions, and waste generation (hazardous and non-hazardous). These aspects may lead to environmental impacts such as air and water pollution, soil contamination, increased carbon footprint, biodiversity loss, and pressure on local water resources.



ISO 14001

Taylor maintains alignment with ISO 14001 standards.

- 3 minor non-conformities were identified during the latest audit
- All findings were successfully closed
- Certification remains valid

Environmental Performance Highlights

Waste Management

Hazardous Waste

Hazardous waste generation increased by 42.9% in 2025 (from 10.95 to 15.65 tons), reflecting higher production levels driven by the addition of new equipment and processes. This trend represents a key EHS focus area moving forward.

Next Steps: root cause analysis, waste minimization strategies, and implementation of waste intensity metrics.

Non-Hazardous Waste

Non-hazardous waste decreased by 8.26%, demonstrating improved waste management and circular practices.

Key initiatives included:

- Reuse of wood pallets within operations
- Implementation of a Paperless Project, eliminating printed forms

Impact:

- Reduction of 1.37 tons of waste annually
- Avoidance of ~2 tons of CO₂ emissions per year (Scope 3)
- Contribution to reducing deforestation, landfill saturation, and soil contamination

Water Management

Water consumption decreased by 6.53%, exceeding the annual reduction target of 5%.

This improvement was driven by:

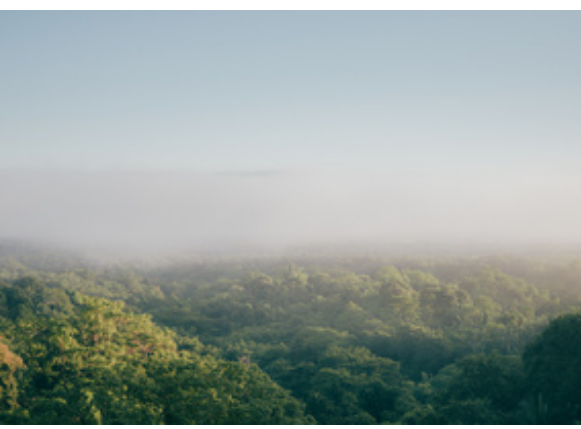
- Installation of water softening systems
- Reduction of pipeline degradation and leaks
- Increased operational efficiency

This reflects a stronger commitment to water stewardship and reduced pressure on local water resources.

Air Emissions (Scope 1)

Direct emissions remain limited and non-operational, primarily associated with diesel use for emergency systems.

- Diesel consumption increased due to preventive maintenance and emergency preparedness
- Total emissions remain low and represent a minor portion of the company's carbon footprint



VOC emissions increased slightly (+0.05 tons/year), linked to operational activity, though not classified as greenhouse gases.

Overall, Scope 1 emissions continue to have minimal impact, with the primary carbon footprint concentrated in electricity consumption (Scope 2).

Energy Management (Scope 2)

Energy performance in 2025 reflects efficiency gains despite business growth:

- Total energy consumption increased by 2% due to higher operational demand
- Energy losses decreased by 57%, driven by improved power quality and energy management systems
- Power factor improved from 97% to 98%

Key Impact:

- ~23.5 tons of CO₂ emissions avoided annually
- Estimated \$8,500 USD in annual savings
- Improved operational efficiency without affecting production

These results were achieved through the installation of detuned harmonic filters and capacitor banks.



LONG-TERM TARGET (2030)

- Generate 30% of on-site clean energy
- Maintain consumption below 300,000 kWh per month



Una Luz de Esperanza Dining Room



Fuerza Rosa Breast Cancer Association

Commitment to Our Communities

Anyone can serve, because we all have something to give

Taylor is committed to making a meaningful contribution to the communities where we operate. Our approach to community engagement goes beyond business activities, fostering a culture of social responsibility through job creation, ethical practices, and active participation in initiatives that support those in need.

We encourage employee involvement by promoting volunteerism, providing flexibility for community activities, and supporting nonprofit organizations through both in-kind contributions and direct engagement.

2025 Community Initiatives

- Breast Cancer Support Campaign: Collection of essential goods to support women affected by breast cancer.
- Community Meal Service: Collaboration with partner companies to provide meals to over 50 children and youth in need.
- Blood Donation Campaign: 23 employee donors contributed to positively impact up to 69 patients.

Overall Impact

Through these initiatives, Taylor reinforces its commitment to social responsibility by supporting vulnerable groups, promoting employee engagement, and contributing to the well-being of the broader community.



Health, Safety and Respect

Fostering a safe, inclusive, and respectful workplace for all employees

At Taylor, we are committed to creating opportunity, security, and well-being for our employees. Our culture is grounded in respect, accountability, and continuous improvement, ensuring a fair, safe, and inclusive work environment.

Safety Performance

2025 Highlights

- Total Recordable Incident Rate (TRIR): Reduced by 72% (from 2.43 to 0.68)
- Severity Rate: Decreased by 83%, reflecting significantly fewer severe incidents
- Near Miss Reporting: Increased from 7 to 23 reports, strengthening proactive risk identification



KEY INITIATIVE

A root cause analysis project was implemented using QT9 software, focused on near-miss events. This initiative improved incident analysis, corrective actions, and verification processes, enhancing overall safety performance.

Health & Well-being

Taylor promotes employee well-being through awareness and prevention initiatives:

- Breast Cancer Awareness Workshop (Fuerza Rosa): Focused on early detection and self-examination techniques
- Suicide Prevention Seminar: Provided tools to recognize warning signs and support individuals in crisis

Emergency Preparedness

The Business Continuity Plan remains a key organizational strength, covering:

- Risk assessment, prevention, and mitigation
- Emergency response protocols and defined roles
- Scenarios including cyberattacks, power outages, and pandemics

Labor Practices & Human Rights

Taylor maintains a zero-tolerance approach to human rights violations:

- Policies & Governance: Employee Handbook and Code of Ethics prohibit child labor, forced labor, and trafficking, while promoting freedom of association
- Controls & Remediation: A Child Labor Prevention Protocol ensures age verification, immediate corrective actions, and coordination with authorities
- Monitoring & Reporting: Anonymous ethics hotline with non-retaliation policy and supplier compliance requirements

No incidents related to human rights violations were reported in 2025.





Fair Compensation

- 100% compliance with Mexican labor law
- 100% of employees enrolled in social security (IMSS)
- Wages range from 1.27x to 2.88x the legal minimum



Diversity, Equity & Inclusion

Taylor continues to strengthen an inclusive workplace:

- Gender balance remained stable at 49% women / 51% men
- Workforce increased by +11% while maintaining equity
- Female leadership representation increased from 12.5% to 19%



Employee Engagement & Workplace Environment

In 2025, Taylor achieved full employee participation in psychosocial risk assessments (NOM-035), reaching best practice standards in workforce inclusion and risk identification. All employees received training on workplace conduct, including harassment prevention, ethical standards, and reporting mechanisms.



The organization maintained effective grievance management processes, ensuring that 100% of reported cases were investigated and resolved, supported by confidential and transparent reporting channels. Ongoing initiatives continue to focus on preventing psychosocial risks, including workplace stress, harassment, and work-life imbalance, reinforcing a safe and supportive work environment.



Governance

Taylor upholds a robust governance framework grounded in ethical conduct, transparency, and strict regulatory compliance. This framework is supported by comprehensive policies, effective internal controls, and disciplined oversight across both operations and the supply chain, ensuring alignment with ESG standards and applicable legal requirements.

Supply Chain Oversight

Governance expectations are extended to suppliers through the Supplier Quality Manual, which mandates compliance with labor, environmental, and social standards, including the prohibition of child and forced labor. Supplier onboarding incorporates ESG screening and verification processes, while ongoing monitoring is conducted through self-assessments and audits. Non-compliance is addressed through corrective action plans, follow-up evaluations, and, when necessary, supplier disqualification. Suppliers also have access to confidential reporting channels.

Ethics and Compliance

Taylor maintains a comprehensive Code of Ethics that establishes standards for financial integrity, conflict of interest, data privacy, and anti-bribery and anti-corruption practices. These principles are reinforced through controlled processes, supplier requirements, and clear guidelines for employee conduct. An anonymous Ethics Hotline, supported by a non-retaliation policy, ensures that concerns are reported and addressed in a timely and confidential manner.

These principles are reinforced through controlled processes, supplier requirements, and clear guidelines for employee conduct. An anonymous Ethics Hotline, supported by a non-retaliation policy, ensures that concerns are reported and addressed in a timely and confidential manner.



Compliance Performance

In 2025, the organization reported zero legal violations or complaints, reflecting strong adherence to regulatory requirements.

Compliance is monitored on an ongoing basis through the EHS program.

- Environmental Compliance: 98%
- Health Compliance: 93%
- Safety Compliance: 96%



Learn More

Taylor is a global print and communications company headquartered in North Mankato, Minnesota. Nearly 10,000 employees strong, Taylor has print operations in dozens of U.S. states and in multiple countries around the world. Taylor started operations in Mexico in 2006.

taylormx.com

TAYLOR

Av. Los Encinos 123, El Sabinal Industrial Park, Apodaca, Nuevo León, México 66645
811 156 9000 | taylormx.com