



# 2024 SOCIAL PURPOSE REPORT



## 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



**We exist to transform infrastructure for a healthy, thriving planet**



### About this report

The intent of our inaugural purpose report, published on August 29, 2024, is to share Armour Valve’s purpose strategy, near-term goals, and performance. In this report, we use purpose and social purpose interchangeably and use the Canadian Purpose Economy Project<sup>1</sup> (CPEP) definition of a social purpose business: one that aims to “profitably solve the problems of people and planet without causing harm to either. [Its purpose] is the company’s strategic optimal contribution to long-term well-being for all.”

The GHG emissions disclosed in this report are from our Canadian operations for the 2023 fiscal and calendar year in comparison with our baseline year, 2022. Our GHG inventory was calculated using the BMO Radicle Climate Smart platform<sup>2</sup>. Sustainability (people, planet, and profit) goals and performance not directly related to our purpose will be disclosed in an update to this report entitled *2024 Purpose and Sustainability Report*.

In preparing this document, Armour Valve used the Purpose Disclosures Guidance<sup>3</sup> developed by CPEP<sup>4</sup> for which our president, Liz McBeth, was interviewed. The report is published in English only and available on our website at [armourvalve.com/company/our-commitments/](https://armourvalve.com/company/our-commitments/).



### A note from our President

At Armour Valve, our purpose is **to transform infrastructure for a healthy, thriving planet**. We believe that business has a responsibility to ensure the prosperity of people and the planet for future generations. As we integrate our purpose deeper into our business model, strategy, and culture, we are using it to add clarity to decision making and pivoting to a quadruple bottom line (4BL)<sup>5</sup> to measure performance more holistically.

Each member of our team is committed to ensuring that we achieve the highest level of stakeholder satisfaction and product and service quality. Our ownership prioritizes health, safety, environmental stewardship, and a commitment to diversity, equity, inclusion, and belonging (DEIB) in our forward planning. We actively seek out sustainable, best-in-class solutions and suppliers with shared values to enable our customers to transform infrastructure in ways that improve quality of life, while protecting the planet, so that current and future generations can thrive.

**Liz McBeth**, M.B.A, President

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<sup>1</sup> [purposeeconomy.ca/about-us](https://purposeeconomy.ca/about-us)

<sup>2</sup> [commercial.bmo.com/en/ca/we-can-help/climate-smart](https://commercial.bmo.com/en/ca/we-can-help/climate-smart). Climate Smart conforms to the Greenhouse Gas (GHG) Protocol [ghgprotocol.org](https://ghgprotocol.org)

<sup>3</sup> [purposeeconomy.ca/wp-content/uploads/2024/08/Purpose-Disclosures-Guidance.pdf](https://purposeeconomy.ca/wp-content/uploads/2024/08/Purpose-Disclosures-Guidance.pdf)

<sup>4</sup> [purposeeconomy.ca](https://purposeeconomy.ca)

<sup>5</sup> The original triple bottom line (TBL) was coined by John Elkington in 1994 and includes profit, people and planet. The 4BL that includes purpose evolved from this but is not attributed to a single author.



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## Finding Our Purpose: Meaning and Development

We exist to transform infrastructure for a healthy, thriving planet



Our purpose aligns to three global transformations underway that affect our industry and the planet on which our business depends: the **global energy transition**, **decarbonization of industry**, and pivot to a **circular economy**. Society needs secure access to affordable heat and electricity, clean water, and a range of essential goods. We also need industry to produce and deliver these in ways that respect people and the planet.

Our clients are central to this transformation. They are large energy producers and industrial facilities, as well as campuses and cities, making strides towards a more circular, net-zero future. We are committed to supporting them on that journey while also contributing to sustainable development through our business.

Armour Valve offers resilient infrastructure solutions that reduce waste and emissions while delivering the superior performance our customers need to provide vital goods and services that sustain our quality of life. Through our team’s technical expertise, our

manufacturing partners’ high-performance products, and our industry collaborations, we are transforming energy and industrial infrastructure to contribute to a healthy, thriving planet.

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*Our clients produce essential goods that society depends on and are making meaningful strides towards net-zero*

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### Inspired by sustainable development

In crafting our purpose, we drew inspiration from the United Nations Sustainable Development Goal (UN SDG) 9.4: “By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.”<sup>6</sup> Canada, as a nation rich in resources and expertise in extractive and process technologies, engineering, and research and development, is well positioned to lead this transformation across all sectors.



We developed our purpose in 2022<sup>7</sup>, with support from the United Way BC Social Purpose Institute (SPI)<sup>8</sup> and in consultation with SPI alumni and cohort members, our employees, and suppliers. Our clients’ efforts to decarbonize and reduce and reuse waste are making a meaningful impact.

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<sup>6</sup> [sdgs.un.org/goals/goal9#targets\\_and\\_indicators](https://sdgs.un.org/goals/goal9#targets_and_indicators)

<sup>7</sup> [armourvalve.com/armour-valve-purpose-statement](https://armourvalve.com/armour-valve-purpose-statement)

<sup>8</sup> [socialpurpose.ca](https://socialpurpose.ca)



However, to drive all of Canadian industry to net-zero by 2050, small and medium enterprises (SMEs) need targeted support to measure and manage their impacts. To broaden our impact, we have actively sought out thought leaders in purpose and sustainable development best practice and are sharing our learnings through our network and membership in associations, including Excellence in Manufacturing Consortium (EMC)<sup>9</sup> and Family Enterprise Canada (FEC)<sup>10</sup>. We are a participant in EMC's Green Manufacturing Network and in Canada's Net-Zero Challenge (NZC)<sup>11</sup>. Our President, Liz McBeth, has signed the Family Business Sustainability Pledge<sup>12</sup> and CPEP's A Call to Purpose<sup>13</sup>, chairs the FEC Family Enterprise Impact committee, and serves as an advisor to the CPEP Social Purpose Association Group.

### Embedded throughout our business

Armour Valve is a 50+ year old, family-owned stocking distributor and representative of highly respected manufacturers from around the world. Our team of 28 full-time permanent employees supports the needs of clients in Canada and the USA who come to us for specialty valves, piping, instrumentation, and controls to solve their process challenges. As a private business we do not disclose our financials.



Our near-term purpose goals are to pursue growth with 50% of revenues linked to our purpose by 2026, while measuring quadruple bottom line<sup>14</sup> (4BL) performance, delivering satisfaction to our stakeholders, and activating other SMEs to adopt purpose and contribute to sustainable development. To achieve this, we are implementing the purpose strategies listed below and further elaborated on page 6.

1. **Engage with customers** investing in process transformation to meet the needs of society in ways that sustain people and the planet
2. **Partner with manufacturers** offering resilient and innovative solutions with the potential to transform infrastructure for a healthy, thriving planet
3. Account for and **reduce GHG emissions**, including our scope 3 emissions linked to transporting goods and people
4. **Collaborate with allies** to activate family-owned and industrial SMEs to adopt purpose and contribute to sustainable development
5. Measure and improve **360° stakeholder satisfaction and engagement** with our purpose

<sup>9</sup> [emccanada.org](http://emccanada.org)

<sup>10</sup> [familyenterprise.ca](http://familyenterprise.ca)

<sup>11</sup> [canada.ca/en/services/environment/weather/climatechange/climate-plan/net-zero-emissions-2050/challenge.html](http://canada.ca/en/services/environment/weather/climatechange/climate-plan/net-zero-emissions-2050/challenge.html)

<sup>12</sup> [fbsd.unctad.org/pledge](http://fbsd.unctad.org/pledge)

<sup>13</sup> [purposeeconomy.ca/a-call-to-purpose](http://purposeeconomy.ca/a-call-to-purpose)

<sup>14</sup> The original triple bottom line (TBL) was coined by John Elkington in 1994 and includes profit, people and planet. The 4BL that includes purpose evolved from this but is not attributed to a single author.



Our purpose will bring several benefits to the business. It will help us attract and retain talented colleagues and inspire the next generation of family ownership. By aligning thought and action with our values, our purpose will simplify strategic and tactical decision making. It will spark innovation in our workforce, enabling us to improve our product and service portfolio in ways that benefit our customers and the society they serve. Finally, it will position us for continued success as energy and industry evolve to further decarbonize and reduce and reuse waste.

## Developed and implemented collaboratively

The table below summarizes the stakeholder groups we have engaged in helping us define and implement our purpose. As an authentic social purpose company, we are attracting advisors and supporters who would otherwise be beyond our means to hire as a SME. We have discovered that our stakeholders want to see us succeed in achieving our purpose.

Category	Group	Define	Implement
Internal	<b>Employees</b> are directly involved in defining and implementing our purpose	✓	✓
	Three generations of our <b>ownership</b> are aware of our purpose and our President (Gen2) is championing purpose and sustainability in business	✓	✓
External	<b>Supply partners</b> were invited to provide feedback on our purpose and to learn about green & lean manufacturing through our relationship with EMC and participation in its Green Manufacturing Network	✓	✓
	<b>Customers</b> are aware of our purpose and we are engaging in conversations about supply chain and process innovation		✓
	<b>Family business community</b> was introduced to our purpose and sustainability goals through speaking engagements and our participation in Family Enterprise Impact that activates business to contribute to sustainable development		✓
	<b>Social purpose community</b> is aware of our purpose through speaking engagements, networking, and our relationships with CPEP and SPI	✓	✓

## Living Our Purpose: Authentic Integration

Since 2023, we have been embedding our purpose throughout our business in ways that enable us to contribute to a healthy, thriving planet for current and future generations. Below we describe how we are aligning our business with our purpose and disclose our near-term goals and early progress towards achieving them. We are prioritizing process efficiencies and cost-saving measures, as well as improvements that affect more than one quadrant of the 4BL, in this first implementation phase.

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**What does our purpose mean to you?**  
*Always considering ways customers can save  
on product, time, waste, and cost*

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## Business model and prospects

### Business model evolution

Our focus on quality and safety has resulted in a product portfolio of leading technology designed by respected manufacturers from around the world. Each new supplier we partner with undergoes a rigorous screening process for quality and performance. In 2024, we broadened this expectation to include social and environmental considerations<sup>15</sup>. Customers can

rely on us to recommend best-fit solutions from reputable, specialist manufacturers and to serve as a responsible link in their supply chain. Our 4BL business model will enable our positive impact to scale with our business as we fulfill our social purpose. We believe that this model is key to our sustained profitability, family ownership, and stakeholder satisfaction.

### Unlocking growth opportunities

As low carbon and circular approaches take root, new segments, processes, and technologies aligned with our purpose and values will fuel our growth.

- **Markets:** New clean and circular segments and value chains are developing in North America that require high quality solutions of the type supplied by Armour Valve.
- **Customers:** Our energy and industrial customers will require specialty valves and process equipment to implement carbon and waste reduction and reuse initiatives.
- **Technology:** Manufacturers are introducing innovative clean and environmentally sound technologies and require partners to bring their solutions to market.

*Customers can rely on us to recommend best-fit solutions from respected manufacturers and to serve as a responsible link in their supply chain*



Mike Huston reassembling a Conval globe valve. These in-line repairable valves result in less waste: time, money, and materials.

*Photo credit CrazyKPhotography*

<sup>15</sup> New suppliers are asked to disclose their ethics, human rights, and environmental policies.



## Strategy

### Link to sustainable development

We operate in the energy and industrial supply chain and our purpose draws inspiration from the UN SDG 9.4 that seeks to upgrade infrastructure and retrofit industries to make them sustainable by:

- Increasing resource efficiency in production processes
- Accelerating adoption of clean and environmentally sound technologies and processes
- Minimizing environmental impact of industries by reducing air, water, and soil pollution
- Promoting research and innovation in sustainable industrial technologies
- Providing SMEs with needed resources to become more sustainable



Our partner Boehmer's ball valves are hydrogen-ready and in use in energy transition projects across Canada.

*Photo courtesy of ATCO*

Where possible, our strategy and goals are aligned with the above desired UN SDG outcomes.

### Purpose as a decision lens

Our purpose defines and directs our strategic focus and where we devote our energy and efforts. Our specific social purpose strategies, along with examples of how we will achieve them, are summarized in the chart below.

Social Purpose Strategy	Examples
1. <b>Engage with customers</b> investing in process transformation to meet the needs of society in ways that sustain people and the planet	<ul style="list-style-type: none"> <li>• Campuses and municipalities implementing or expanding district energy systems (DES)</li> <li>• Hydrogen blending in natural gas pipelines</li> <li>• Hydro and nuclear power generation</li> </ul>
2. <b>Partner with manufacturers</b> offering resilient and innovative solutions with the potential to transform infrastructure for a healthy, thriving planet	<ul style="list-style-type: none"> <li>• Boehmer fully welded hydrogen-ready and district energy ball valves</li> <li>• Conval in-line repairable products</li> <li>• VRG emissions-reducing control valves for natural gas systems</li> </ul>

*Our purpose is the decision lens that defines and directs our strategy and where to devote our energy and efforts*





<p>3. Account for and <b>reduce GHG emissions</b>, including our scope 3 emissions linked to transporting goods and people</p>	<ul style="list-style-type: none"> <li>Accounted for baseline year 2022 and comparison year 2023</li> <li>Replaced fluorescent with LED lighting to reduce energy consumption and improve the work environment</li> <li>Switched from propane to electric-powered forklift</li> <li>Standardized on Sugar Sheet<sup>16</sup> paper manufactured from non-forest biomass</li> </ul>
<p>4. <b>Collaborate with allies</b> to activate family-owned and industrial SMEs to adopt social purpose and contribute to sustainable development</p>	<p>Shared our story authentically and engaged with other businesses through:</p> <p>Networks:</p> <ul style="list-style-type: none"> <li>CPEP, EMC, FEC, NZC, SPI</li> </ul> <p>Events:</p> <ul style="list-style-type: none"> <li>Purpose in Business Week<sup>17</sup></li> <li>Transition Accelerator Net-Zero Forum<sup>18</sup></li> </ul>
<p>5. <b>Measure 360° stakeholder satisfaction and engagement</b> with our purpose</p>	<p>Key metrics:</p> <ul style="list-style-type: none"> <li>Customer satisfaction and net promoter score (NPS)</li> <li>Employee retention, satisfaction and engagement</li> <li>Supplier satisfaction and engagement</li> </ul>

THE GLOBE AND MAIL PRESENTS

## The Purpose Economy

Reshaping the metrics of business success

FREE VIRTUAL EVENT  
WEDNESDAY, NOVEMBER 22, 2023 | 12:30 P.M. - 1:30 P.M. ET

JOIN WEBCAST

PRESENTING SPONSOR: **coastcapital**

Registration is now closed. If you need assistance, please contact [marketing@globeandmail.com](mailto:marketing@globeandmail.com).

**Maureen Young**  
Vice President, Social Purpose, Coast Capital

VIEW BIO

**Carm Strassburg**  
Editorial and Chair, Canadian Purpose Economy Project

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**Liz McElrath**  
CEO, Armour Valve

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**Christine Francoeur**  
Chair, Table of Impact Investment Practitioners, Board Chair, Soane Social Impact

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**Harold Roffers**  
President & Chief Executive Officer, Eastern Canada, Loblaws

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**Anne Lalor**  
Business Reporter, The Globe and Mail

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United Way British Columbia

Working with communities in BC's South Coast, Fraser Valley, and Northern Vancouver Island

## Leading on Purpose

May 10, 2023

How Social Purpose Leaders can Bring a Company's Purpose to Life

Presented by **coastcapital**

**Liz McElrath**  
President, Armour Valve Ltd.

**Nicole Musocco**  
Head, Brand and Communications, Chantrex Construction

**Michelle Reid**  
Advisor, Corporate Sustainability and ESG, BCC

<sup>16</sup> [socialprint.com](https://socialprint.com)

<sup>17</sup> [socialpurpose.ca/social-purpose-resources/events-social-purpose-institute/purpose-in-business-week](https://socialpurpose.ca/social-purpose-resources/events-social-purpose-institute/purpose-in-business-week)

<sup>18</sup> [transitionaccelerator.ca](https://transitionaccelerator.ca)



## Goals

Our near-term corporate strategy goals that deliver on our social purpose, along with sample metrics, are summarized below. We are developing mid-term and long-term goals and hope to share them in 2025. We also have purpose-aligned operational goals and metrics to maintain high levels of stakeholder satisfaction.

Near-term social purpose goals	Metrics
Grow with 50% of revenues derived from energy transition and circular economy processes by the end of 2026	% revenues from energy transition and circular economy processes <sup>19</sup>
Monitor progress towards achieving 40% reduction in GHG emissions by 2030 and net-zero by 2040	% reduction in scopes 1, 2 and 3 GHG emissions
Model 4BL good practice and activate SMEs to adopt a social purpose and sustainable practices	<ul style="list-style-type: none"> <li>Speaking engagements and press mentions</li> </ul>
Measure stakeholder satisfaction baseline and improve or maintain	<ul style="list-style-type: none"> <li>Customer satisfaction and NPS</li> <li>Employee retention, satisfaction and engagement with purpose</li> <li>Supplier satisfaction</li> </ul>

Purpose goals can be suggested by anyone at Armour Valve. Initial goals were proposed by the President, using best practice guidance from thought leaders in purpose, and shared with the Management team for discussion before being launched at the department level. Feedback is conveyed back to the Management team for review and approval. We believe in the importance of collaboration so that those ultimately responsible for bringing our purpose to life are included in the goal-setting process.

## Culture and human resources

### Core values

Armour Valve’s culture is rooted in **six core values** to ensure our people, our customers, and the society we serve can **THRIVE**. The first four values are fundamental to working at Armour Valve, and the final two branch out into how our work supports those around us. As a family business, providing for the needs of current and future generations is integral to sustaining our ownership model. When we THRIVE together, we succeed.



Our purpose is proudly displayed in our entryway and our office is a place of welcome for all who work there or visit.

<sup>19</sup> Refer to Appendix 2. Definition of energy transition and circular processes for details.

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- **Teamwork:** Work collaboratively to solve problems and make industry more sustainable.
- **Health:** Protect the health of our planet for future generations and the physical, mental, and emotional wellbeing of our people.
- **Respect:** Demonstrate profound respect for people and the planet through the quality of our products and practices.
- **Integrity:** Exhibit integrity in all decisions and actions and hold one another to the highest ethical standards.
- **Vision:** Envision a sustainable future and take decisive action today for future generations.
- **Excellence:** Challenge ourselves to deliver the highest levels of satisfaction, wasting no resources, potential or opportunity.

Our values link to and reinforce our purpose, fostering a purpose-driven culture at Armour Valve.

### Employee engagement

To engage our employees with our purpose, our HR team conducted individual interviews with each staff member. These conversations provided valuable insights into what employees appreciate about Armour Valve, their personal values, and the changes they want to see in the world. This feedback guided us in shaping our social purpose.

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*Our purpose channels our dedication to customers towards a larger goal: solving sustainability issues alongside our clients and manufacturing partners*

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Members of our team posing for *National Observer* article on our commitments to purpose and sustainability.

*Photo credit Jennifer Jones*

Notably, all employees with more than a decade of tenure expressed that solving customer problems gives them a strong sense of purpose and drives their performance. Our purpose channels this dedication towards a larger goal: solving sustainability issues alongside our energy and industrial clients.

We consistently reinforce our purpose through internal and external communications, including our social media profiles, email signatures, office décor, business forms, catalogues, and website.

### Process transformation

The table below summarizes actions we have taken to embed purpose into all functional areas of our business as well as changes planned for the future. We acknowledge that it will take time to achieve full alignment and are committed to this ongoing work.



Functional Area	Changes Implemented (2023-2024)	Changes Planned (2024-2030)
HR	<ul style="list-style-type: none"> <li>Employee one-on-one interviews</li> <li>Purpose embedded in job descriptions, advertisements, interviews, and performance reviews</li> </ul>	<ul style="list-style-type: none"> <li>Include purpose engagement in Q4 2024 employee survey</li> <li>2025 Purpose and Sustainability 101 and net-zero homes training for all staff</li> </ul>
Sales & Marketing	<ul style="list-style-type: none"> <li>Switch to sustainable promotional items</li> <li>Trained on Selling with Purpose</li> <li>Digital product catalog generator</li> </ul>	<ul style="list-style-type: none"> <li>Include purpose engagement in Q1 2025 customer satisfaction survey and Q3 2025 supplier satisfaction surveys</li> </ul>
Operations	<ul style="list-style-type: none"> <li>Installed LED lighting</li> <li>Use of sustainable materials in product packaging</li> <li>Switched from propane to electric forklift</li> </ul>	<ul style="list-style-type: none"> <li>2024 energy audit</li> <li>2025-2030 explore energy efficiency and emissions reduction measures and work with carriers converting fleets to clean fuels</li> </ul>
Service	<ul style="list-style-type: none"> <li>Introduced remote training for customer maintenance personnel</li> </ul>	<ul style="list-style-type: none"> <li>When service vehicles reach end of life switch to hybrid or electric</li> </ul>
General Administration	<ul style="list-style-type: none"> <li>Remote work reduces commuting</li> <li>Activated key teams and individuals to implement our purpose</li> <li>Switched to Sugar Sheet paper</li> <li>Included purpose on business forms and marketing collateral</li> </ul>	<ul style="list-style-type: none"> <li>Include purpose topic in all management and department meeting agendas starting in January 2025</li> <li>Offer stipend to employees switching to electric vehicles before 2030</li> </ul>
Senior Management	<ul style="list-style-type: none"> <li>Purpose strategy and governance model</li> <li>Signatories to NZC, A Call to Purpose, and the Family Business Sustainability Pledge</li> <li>Inaugural purpose report</li> </ul>	<ul style="list-style-type: none"> <li>Introduce purpose KPIs in 2026</li> <li>Expand report to include sustainability goals and performance not directly related to our purpose in Q1 2025</li> </ul>

## Governance and accountability

Social purpose at Armour Valve is championed by our owner and President, Liz McBeth, with the support and approval of our Executive team. The Executive team approves our purpose, values and strategy, and aligns them with our culture in collaboration with our Management and HR teams. Liz McBeth serves on both the Executive and Management teams and is responsible for building our network of allies, seeking out thought leaders to help inform our purpose journey and work to activate other SMEs.

Our purpose was first reviewed and approved in 2022 and will be a regular agenda item in executive, management and department meetings in 2025 with KPIs and incentives being developed for the calendar year 2026.

Further training in social purpose is planned for Management and all employees to bring more staff input into planning and ensure broad company ownership of our goals. The following departments, teams and individuals have been activated to advance specific aspects of purpose integration:

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- **Executive team:** Oversees purpose integration, manages risks and opportunities
- **Management team:** Leads activities related to achievement of purpose goals
- **Sales & Marketing:** Identifies opportunities to support clients implementing energy transition and circular economy projects
- **Product Task Force:** Seeks out and evaluates partners and products that align with our purpose and values
- **HR Specialist and Community Manager:** Support the integration of purpose into our culture and processes and ensure a healthy and inclusive work environment
- **Financial & Sustainability Accounting Technician:** Measures our progress towards our purpose goals
- **Combined responsibility:**
  - Our Health, Safety & Environment (HSE) committee and Operations department are tasked with identifying and implementing measures to help us achieve our target of net-zero by 2040
  - Everyone at Armour Valve is responsible for stakeholder satisfaction



Our operations manager, Babak Karimpour, with Boehmer valves used in low carbon DES across North America.  
*Photo credit CrazyKPhotography*

## Risks and opportunities

We have identified the following material risks *to* our purpose and *from* our purpose that our Executive team is tasked with managing. We have also identified opportunities from our purpose. Our purpose strategies are designed to help us pursue the below mentioned opportunities as well as to mitigate risks.

Risks <i>to</i> our purpose:	Risks <i>from</i> our purpose:
<ul style="list-style-type: none"> <li>• Shifts in public sentiment slow or cease investment in energy transition, circularity, and sustainable development</li> <li>• Energy transition and circular economy technologies prove to be too costly or not reliable enough to implement</li> </ul>	<ul style="list-style-type: none"> <li>• Stakeholder relationship risks where values do not align or 4BL model is misunderstood as not pursuing profitability</li> <li>• Reputation risk if we do not live our purpose authentically</li> </ul>
Opportunities from our purpose:	
<ul style="list-style-type: none"> <li>• Business opportunities in emerging market segments and technologies</li> <li>• Strategic alliances with like-minded businesses, attracting like-minded staff by fostering a social purpose environment and company and living our purpose authentically</li> <li>• Efficiency and cost savings through emissions and waste reduction</li> <li>• Spark innovative thinking to solve client and societal challenges</li> </ul>	



## Measurement

We are early in the process of implementing our purpose and, while our accomplishments are modest, we are happy to share that we are making progress towards the achievement of our near-term purpose goals.

*Everyone at Armour Valve is responsible  
for stakeholder satisfaction*

Near-term goals	Metrics	2023	2024 YTD
Grow with 50% of revenues derived from energy transition and circular economy processes <sup>20</sup> by the end of 2026	% revenues derived from energy transition and circular economy processes	25.67%	35.35% as of Aug 15, 2024
Monitor progress towards achieving 40% reduction in GHG emissions by 2030 and net-zero by 2040	% reduction in scopes 1, 2 and 3 GHG emissions <sup>21</sup>	Scope 1: -29.06% Scope 2: 0.00% Scope 3: -14.75%	TBD
Model 4BL good practice and activate SMEs to adopt a social purpose and sustainable practices on an ongoing basis	<ul style="list-style-type: none"> <li>Invitations to share our story authentically</li> <li>Press mentions</li> </ul>	Speaking engagements: 6 Press mentions: 4	Speaking engagements: 4 Press mentions: 2
Measure stakeholder satisfaction baseline and improve or maintain on a regular basis as outlined below*  Employees <ul style="list-style-type: none"> <li>Retention &gt;90%, annually</li> <li>Satisfaction &gt;90%, even years</li> <li>Engagement with purpose, annually in performance reviews &gt;70%, 2025</li> </ul> Supplier satisfaction >80%, every 5 years (2025) Customers (annually) <ul style="list-style-type: none"> <li>Satisfaction &gt;90%</li> <li>Net promoter score (NPS) &gt;7</li> </ul>	<ul style="list-style-type: none"> <li>Employee retention, satisfaction and engagement with purpose</li> <li>Supplier satisfaction</li> <li>Customers satisfaction and NPS</li> </ul>	Employees: <ul style="list-style-type: none"> <li>Retention: 96%</li> <li>Purpose engagement: 57% fully engaged 29% somewhat engaged 14% not yet engaged</li> </ul> Customer satisfaction: 94% NPS: 8	Employees: <ul style="list-style-type: none"> <li>Retention: 96%</li> <li>Satisfaction: Q4</li> <li>Purpose engagement: Q4</li> </ul> Customer satisfaction and NPS: Q1 2025

\* The specific methodologies for calculating engagement and satisfaction will be elaborated upon in an update to this report.

<sup>20</sup> Refer to Appendix 2. Definition of energy transition and circular processes for details.

<sup>21</sup> Refer to Appendix 3. GHG inventory, scenario analysis, and mitigation strategies for details.



# Appendices

## 1. Purpose disclosures index

Armour Valve used the below aspects of the Purpose Disclosures Guidance developed by CPEP<sup>22</sup> to inform our inaugural report.

Disclosure Element	Disclosure Objective	Reference
A. Purpose Meaning and Development	The organization’s stated purpose and what it means in specific terms	Page 2
	How the purpose was developed or updated, including the role of stakeholders	Pages 2-4
	How users can access purpose disclosures	About this report
B. Business Model and Prospects	How the purpose drives the organization’s commercial success	Page 5
C. Strategy	How the organization’s vision statement, if any, reflects its purpose	n/a
	How the organization’s strategic business goals, objectives and targets provide a pathway to realizing the purpose	Pages 6-8
D. Culture and Human Resources	How the organization aligns its culture with its purpose	Pages 8-9
	How the organization integrates its purpose in human resource management	Pages 8-9
E. Governance and Accountability	How responsibilities for purpose oversight are reflected in board terms or reference, mandates, role descriptions and other related policies	Pages 10-11
	Management’s role in the governance processes, controls and procedures used to monitor, manage and oversee purpose integration and achievement	Pages 10-11
F. Risks and Opportunities	Significant risks or opportunities to the achievement of purpose or arising from the pursuit of purpose	Page 11
G. Measurement	The organization’s purpose measurement framework for evaluating purpose integration and achievement	Page 12
	Actual results in relation to targets	

<sup>22</sup> [purposeeconomy.ca/wp-content/uploads/2024/08/Purpose-Disclosures-Guidance.pdf](https://purposeeconomy.ca/wp-content/uploads/2024/08/Purpose-Disclosures-Guidance.pdf)



## 2. Definition of energy transition, decarbonization and circular processes

Our purpose is to transform industry for a healthy, thriving planet. We view the energy transition and pivot to a more circular economy as a process, not an event, and expect the energy and industrial landscape will go through several transitions on the path to net-zero.

Our goal is to grow and achieve 50% of revenues derived from energy transition and circular economy processes by 2026. The below segments are included in our

*Industry will go through several transitions on the path to net-zero*

calculation of purpose revenue performance for 2023 and 2024 year-to-date. This definition will evolve over time as lower carbon energy and industrial processes and technologies emerge.

Markets	Segments
District Energy	Campuses and communities implementing or expanding district energy systems (DES)
Natural Gas	Hydrogen and renewable natural gas blending Emissions prevention
Pulp & Paper	Recycled paper
Spare Parts	All segments

## 3. GHG inventory, scenario analysis and mitigation strategies

Armour Valve is excited to participate in Canada’s Net-Zero Challenge and play our part in establishing a more resilient, circular, and sustainable energy and industrial landscape. Our first interim goal is to achieve a 40% reduction in each scope by 2030. Our net-zero target is 2040. It starts with taking on the challenge ourselves and authentically transforming our business, which is why we have included scope 3 emissions in our inventory, despite being exempt from doing so as a SME. It is also why we do not intend to use carbon offsets.

### GHG Inventory

In the first table below, we compare our baseline year 2022 scopes 1, 2 and 3 emissions to 2023 emissions. The second table provides a detailed breakdown of each scope by category. An explanation of reductions and increases follows.

#### GHG Emissions by Scope<sup>23</sup>

	2022 (TCO <sub>2</sub> e)	2023 (TCO <sub>2</sub> e)	YoY % Difference
<b>Scope 1</b>	69.83	49.54	-29.06%
<b>Scope 2</b>	2.32	2.32	0.00%
<b>Scope 3</b>	624.45	532.33	-14.75%
<b>Total</b>	696.60	584.19	-16.14%

<sup>23</sup> Emissions measured using the BMO Radicle Climate Smart platform that complies with the GHG Protocol





GHG Emissions Detail (TCO <sub>2</sub> e)	2022	2023	YoY (%)
<b>Scope 1</b>	<b>69.83</b>	<b>49.54</b>	<b>-29.06</b>
Equipment	1.40	2.16	54.29
Heat Generation	68.43	47.38	-30.76
<b>Scope 2</b>	<b>2.32</b>	<b>2.32</b>	<b>0.00</b>
Electricity (purchased)	2.32	2.32	0.00
<b>Scope 3</b>	<b>624.46</b>	<b>532.33</b>	<b>-14.75</b>
Electricity (unmetered)	5.83	2.92	-49.91
Heat (unmetered)	17.79	4.69	-73.64
Accommodations	1.57	1.66	5.73
Garbage	1.72	1.87	8.72
Paper	0.51	0.00	-100.00
Transporting Goods (Air)	76.08	89.70	17.90
Transporting Goods (Road)	476.14	399.78	-16.04
Transporting Goods (Water)	2.13	6.95	226.29
Transporting People (Air)	15.87	10.54	-33.59
Transporting People (Road)	4.68	6.43	37.39
Staff Commuting	22.14	7.79	-64.81
<b>Total</b>	<b>696.61</b>	<b>584.19</b>	<b>-16.14</b>

### Notable changes and observations

Armour Valve moved its head office in August 2023 with two months of overlap preceding and three months of overlap following the move. Utilities for both sites are included in scope 1 and 2 totals. Move activities account for the increase in our heavy equipment usage (propane forklift) and garbage disposal requirements. The propane forklift has since been decommissioned.

The significant drop in scope 1 emissions is also credited to the relocation of our head office; the old office had no insulation and only a few rooms with direct sunlight. The new office is properly insulated and most desks enjoy sun exposure. Of the 47.38 TCO<sub>2</sub>e for 2023, the old office accounts for 39.16 TCO<sub>2</sub>e (82.6%) even though the office was only occupied until the end of July and the heat was effectively off from May to the end of September. We anticipate further decreases for 2024 and beyond with full time use of the new office and an eventual transition to electric heat pumps.

Armour Valve’s scope 3 categories involve the upstream and downstream activities of product transportation and distribution, our Calgary office rental unit, home office heating and electricity use, resources used and waste generated in operations, business travel (transportation and accommodations), and employee commuting. Upstream and downstream product transportation and distribution are the most significant source of emissions. These numbers are determined by our volume of sales for the accounting year. Our Logistics team endeavours to minimize the number of shipments were possible, especially in upstream inventory management (via ocean transport where possible). To further decrease shipping emissions, there are now two dedicated



days for shipment pickups for the products we distribute to consolidate deliveries, and we are actively monitoring for sustainable freight carriers with electric or hydrogen powered fleets.

There are notable decreases in home office and commuting metrics, attributable to the number of respondents compared to 2022, and to individuals moving and minimizing travel to the office. We also encountered difficulties with the data collection software that negatively impacted the response rate. Still, greater than 50% responded and the software uses a projection to compensate. The variance between 2022 and 2023 is 30.36 TCO<sub>2e</sub>, or 5.70% of the 2023 scope 3 total.

Paper use emissions were calculated in 2022 based on purchased paper; much of this remains in stock. Our processes have adjusted to be more paperless and we reduced the number of printers in the head office from four to two. Armour Valve also switched paper providers to Sugar Sheet<sup>24</sup>, a carbon neutral paper, and launched an online catalog generator tool for the sales team to create digital product sheets on the fly for their clients to further reduce printing requirements.

### Net-zero scenario analysis

We chose the International Energy Association's **Net Zero Emissions by 2050 Scenario**<sup>25</sup> for this analysis because energy touches every sector and because this

scenario prioritizes orderly transition, safeguarding energy security, and the need for fair and equitable global cooperation. This scenario aligns with the transformation we want to achieve through our social purpose that will take place in stages, over time. For us to thrive as a business Canada needs a competitive economy that attracts investment and talent seeking profits and a high quality of life. The scenario timeframe aligns with Canada's Net-Zero Challenge goal to encourage businesses to transition their operations to net-zero emissions by 2050.

We believe that most of the technology required to get Canadian industry to net-zero by 2050 already exists or is in development and that remaining challenges are primarily economic and socio-political. We further believe that emissions reporting will be mandatory, even for SMEs like Armour Valve, long before 2050. Therefore, we have set a net-zero target of 2040 and a first interim target of 40% reduction of each scope by 2030. Furthermore, we have included our most significant scope 3 emissions that we are able to measure and control.

We believe that significant opportunities exist in the decarbonization of industry for Armour Valve both as a supplier of products needed for energy transition, decarbonization and circular economy processes and as a responsible link in our customers' supply chains.

The governance and accountability approach described on page 10 of this report applies to managing our progress towards our net-zero target which is a key strategy for achieving our purpose.

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*Canada's economy must remain strong to compete for investment and talent as we pursue net-zero by 2050*

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<sup>24</sup> [socialprint.com](https://socialprint.com)

<sup>25</sup> [iea.org/reports/global-energy-and-climate-model/net-zero-emissions-by-2050-scenario-nze](https://iea.org/reports/global-energy-and-climate-model/net-zero-emissions-by-2050-scenario-nze)



## Risk mitigation strategies

We have identified the following transition and physical risks related to **achieving our first net-zero interim target of 40% reduction in GHG emissions by 2030**. The Executive team is responsible for monitoring risk and developing mitigation strategies.

Transition risks	Mitigation strategies (40% reduction by 2030)	Risk Severity
<b>Scopes 1 and 2:</b> Our office and warehouse spaces are leased and we require approval to make upgrades	<p>We have received approval to complete an energy audit of our heating system and aim to switch to either electric heat pumps or more efficient natural gas equipment. We will also introduce smart thermostats, pending approval by the building owner.</p> <p>If low emission upgrades are not approved, we can move to LEED certified premises, more of which are coming to market for lease and for purchase.</p>	Low
<b>Scope 3:</b> Armour Valve grows and our scope 3 emissions grow and become harder to manage and mitigate	In addition to monitoring the transportation sector for clean fuel shipping options, in an expansion scenario, we will actively look for LEED certified buildings to lease or purchase. We will train our staff on net-zero homes and encourage them to consider ZEVs by offering a stipend.	Medium
<b>Scope 3:</b> Transportation sector does not offer viable alternatives to fossil-fuel shipping by 2030	Unable to reduce our scope 3 emissions related to upstream and downstream transportation and distribution of goods by 40%, we would either need to explore offsets or restate baseline emissions and focus on scopes 1 and 2 and other categories of scope 3 emissions. We are exempt from reporting on scope 3 as a SME. In the meantime, our Operations department is reducing delivery pickup days and looking for software to help consolidate outbound shipping for efficiency.	High
Physical risks	Mitigation strategies (40% reduction by 2030)	Risk Severity
Wildfires and coastal flooding are a risk to our customers and the communities they serve and impede our business activities when they impact transportation of goods or result in evacuations and plant closures	<p>Our operations team has expertise and relationships with logistics companies that have helped us through these challenges in the past and our customers are developing their own climate risk mitigation plans.</p> <p>We plan to move our servers to the cloud in 2025 which will enable staff to work from anywhere should power in our head office go down. Very few of our staff have backup power generation for their homes. This could be explored where practical.</p>	High
Extreme heat and cold will increase demand for heating, cooling, and electricity that could strain the grid. Lack of reliable power would prevent us from providing a comfortable work environment for employees and high service level to customers	Widespread decarbonization of energy and industry will help to reduce the occurrence of extreme weather events.	High