



Mullen Group
Ltd.

2021 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



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1. OUR COMPANY

INTRODUCTION FROM OUR CHAIR AND CEO

This year's report outlines our approach to business from a social and governance perspective, along with identifying the initiatives we are undertaking to improve the sustainability of our organization - two important issues most investors, in fact the majority of stakeholders, use prior to engaging with the Mullen Group.



Not only does this report incorporate all of our current ESG initiatives, we outline several goals that will drive future decisions, including how we will invest shareholders capital. We acknowledge that there are gaps and that we must make a concerted effort to meet these goals. We will adapt to the changing world just as we have for over seven decades of being in business, a true test of **SUSTAINABILITY**. In other words, the concepts associated with today's ESG movement are not new to our organization. We have always adapted our approach to managing our business in our quest to be an industry leader. We were early adopters of the Total Quality Management ("TQM") revolution, learning from the leaders in this emerging field and then incorporating our own approach we branded as "**On the Road to Quality**", a program of continuous improvement we still use and teach today. The

uniqueness of this program is that it involves everyone in our organization knowing full well that we are in the customer service business and that it is "People that Provide Customer Service Not Companies". So we engage, we listen and learn alongside our people, over 7000 today. This is how we have achieved Excellence in Safety and Superior Profitability. We are proud to be leaders in **SUSTAINABILITY**.

We also know that our journey is never complete. We must always adapt and innovate, which is precisely why at the Mullen Group, **WE THINK about TOMORROW**, - always have and always will. As new technologies evolve we will invest to reduce our footprint on the environment. This transition is already happening and we are taking steps in this regard, reinforcing that these are not just words. This is in fact a commitment! In the past year we have invested in new drive-train technologies, incorporated compressed natural gas ("**CNG**") powered trucks into our fleet of company owned equipment, invested in new hybrid delivery vans, transitioned the majority of our warehouse forklifts to electric power and we have participated in hydrogen fuel cell technology R&D initiatives. Our goal towards minimizing, potentially eliminating, our carbon/diesel footprint also requires investment in Intermodal Transport Services, an acronym for moving freight long distances using a combination of truck for local pick-up and delivery and rail transportation for the "long mile". This is the most environmentally friendly service option currently available and we commit to moving more freight intermodally.

In terms of our Social and Governance commitments, we know the value of being a good employer, the benefits associated with being a company with an excellent reputation in the communities we work in. Senior Leaders and the Board of Directors embrace the Mullen Group Code of Conduct promoting a workplace founded on the principles of **HONESTY, INTEGRITY, INCLUSIVITY** and **GOOD CORPORATE RESPONSIBILITY**.

I hope you will be inspired by our approach to ESG. This report is the collaborative effort of our Senior Executives and an engaged group of like-minded individuals within our organization. Your comments and recommendations will help drive our continuous improvement efforts.

Thank you,

Murray Mullen
CEO

WE THINK
about tomorrow



1.1 ABOUT US

Mullen Group Ltd. ("**Mullen**" or the "**Mullen Group**") is a publicly-traded company listed on the Toronto Stock Exchange ("**TSX**") under the symbol 'MTL'. Mullen Group is headquartered in Okotoks, Alberta, Canada operating across Canada and the United States. This report encompasses the results of operations of our wholly-owned subsidiaries and limited partnerships ("**Business Units**").

<p>What we do: Mullen Group is one of North America's largest logistics providers. Logistics plays an essential part in the North American economy. Logistics is used to plan and coordinate the movement of products in a timely safe and effective manner and help businesses to create value. As an essential service, we help keep the economy moving and assist in assuring people's wellbeing and economic success thereby creating opportunity for all.</p>	<p>Our Purpose: We use our proficiency as logistics experts for the benefit of society and the environment.</p>
	<p>Our Mission: We acquire companies and strive to improve their performance.</p>
	<p>Our Tag Line:</p> 

What you can expect:

Our Commitment to:

Personnel	Providing all Personnel with the necessary equipment, facilities, technology, training and systems required to pursue the goal of Excellence
Customers	Providing customers with an essential service allowing them to compete on a local and global scale
Shareholders	Delivering long-term value to our shareholders
Local Communities	Supporting the communities in which we operate
Global Community	Supporting the transition to a low carbon economy

How:

- a **QUALITY** work environment
 - fair, flexible and inclusive policies
 - significant training and development
 - offering meaningful career development opportunities
 - world class OH&S
-
- We are one of North America's largest logistics providers
 - logistics plays an essential part in the economy
 - logistics helps businesses create value by planning and coordinating the movement of products in a timely, safe and effective manner
-
- a proven business strategy of entrepreneurship and strong capital management
 - focused growth through disciplined M&A, diversified operations and growing demographic markets
 - operating a decentralized business model
 - solid margins with consistent cash-flows and stable dividends
 - maintaining a well-structured balance sheet
-
- connecting communities to local and global markets
 - supporting local communities with employment opportunities and economic development
 - respecting Indigenous peoples through partnerships
 - operating a decentralized business model
 - supporting local charities and initiatives
-
- actively participating in SmartWay
 - working with OEMs to test new technologies and reduce emissions and decarbonizing our drive-train technologies
 - using renewable electricity and planning for the future



1.2 ABOUT THIS REPORT

This is Mullen Group's second ESG report. Our commitment to the environment and strategy regarding same does not change annually. As such, a detailed ESG Report will be issued biennially with updates to key performance indicators ("KPIs") in our Annual Financial Review. We have prepared this report taking into consideration a variety of international reporting standards and the content of this report has undergone a rigorous process of internal assurance and third-party audits as required by transportation industry regulations. Our safety statistics are reviewed internally and have undergone a review by independent third-party auditors every three years. Further, government authorities that oversee a carrier's safety fitness conduct logbook audits (hours of service compliance), driver/carrier safety infraction audits, maintenance facility compliance as well as roadside inspections. Our fuel consumption data is also subject to audit by various government authorities under the federal Greenhouse Gas Pollution Pricing Act and the International Fuel Tax Agreement ("IFTA") among North American Provincial and State authorities.

1.3 BUSINESS MODEL

Mullen Group is one of North America's largest logistics providers. Logistics plays an essential part in the North American economy and helps businesses create value. Logistics is used to plan and coordinate the movement of products timely, safely and effectively. As an essential service, we help keep the economy moving ensuring people's wellbeing and economic success thereby creating opportunity for all. When supply chains are broken, the economy suffers, and consumers experience delays and the possibility of shortages of essential goods. Broken supply chains ultimately deprive people of opportunity and disproportionately harms the disadvantaged. We use our proficiency as logistics experts for the benefit of society and our commitment to sustainability to help the environment. Our experts concentrate on greener supply chains by, amongst other things, minimizing travel distances and empty miles, reducing idle times and designing ideal payloads.

Our business is managed upon the basic principles of generating superior profitability, striving for excellence in safety and committing to the process of continuous improvement. Operating in a team environment, we challenge ourselves to make decisions on all aspects relating to the operations of the business including improving customer service, enhancing business processes, maintaining cost controls, obtaining excellence in safety and generating superior profitability. We evaluate operational excellence by benchmarking the financial performance, safety statistics and return on invested capital of each Business Unit. Mullen Group has designed its own TQM program, branded "On the Road to Quality". This nationally recognized, award-winning program is designed to help us provide the highest levels of customer service and maintain a high-quality work environment for our people. As such, we measure many KPIs and use sophisticated in-cab telematics devices to measure safety and productivity including worker safety, on-time delivery percentage and claim free delivery ratios.

Our network of independently operated businesses provides a wide range of services including less-than-truckload, logistics, truckload, warehousing, transload, third party logistics ("3PL"), oversized and specialized hauling transportation. As an integral part of our transportation and logistics services, we also provide a wide range of value-added services, such as freight consolidation, customs brokerage, supply chain analysis and optimization reporting. In addition, we provide a diverse set of specialized services related to the energy, mining, forestry and construction industries in western Canada, including water management, fluid hauling and environmental reclamation.

As western Canada's largest LTL provider, we support thousands of communities by providing daily service of essential and discretionary goods through our large regional network. Logistics creates value by improving the supply chain and ensuring the availability of products. We help customers to ensure shortages do not occur by suggesting ways to improve operations and shipping procedures as well as minimize storage through crossdocking and warehousing operations.

Our Logistics & Warehousing segment provides shippers throughout North America with a wide range of trucking and logistics service offerings including full truckload, specialized transportation, warehousing, fulfillment centres that handle e-commerce transactions, and transload facilities designed for intermodal and bulk shipments. Operations and customer service are supported by a robust suite of leading-edge technology solutions including a fully integrated transportation management system, customized inventory management and warehouse systems along with our proprietary Pyramid, Moveitonline and Haulistic technology platforms, applications that are positioning our organization for an ever evolving and changing supply chain.



Our US & International logistics segment helps to coordinate deliveries to support manufacturers and retailers primarily within the United States through our subsidiary HAUListic LLC (**HAUListic**). HAUListic is a global, technology enabled, non-asset based 3PL service provider focused on freight brokerage services across multiple modes of transportation. It uses SilverExpress, an advanced proprietary transportation management solution provided to the US & international logistics marketplace. This technology is a critical link between a strong network of over 2,700 diverse customers, 6,000 vetted value-add carriers and approximately 40 agent groups located across the United States as well as the HAUListic global support and sales staff.

The Specialized & Industrial Services segment is comprised of a wide range of unique businesses providing specialized equipment and services to the oil and natural gas, environmental, construction, pipeline, utility, telecom and civil industries. Strategically located throughout western Canada, these specialty Business Units are focused on providing advanced technology solutions and leading-edge service capabilities.

USE OF OWNER OPERATORS AND SUBCONTRACTORS

Truck transportation accounts for nearly 80% of all trade in North America. The industry accounts for approximately 4% of North American gross domestic product ("**GDP**") and is highly fragmented with most trucking firms operating less than five trucks. In order to gain efficiency, improve load factors, reduce empty miles and ultimately reduce overall emissions, the Business Units utilize a combination of company assets that are either owned by the Business Unit or leased ("**Company Equipment**"), owner operators who provide trucks and/or trailers and work for the Business Unit under annual contracts ("**Owner-Operators**") and subcontractors who own their own equipment and are used during times of peak demand ("**Contractors**"). Regardless of the nature of the relationship, all Personnel including Contractors are subject to our stringent hiring practices and safety policies and included in our safety statistics. In this document, reference to "**Personnel**" includes employees, Owner-Operators, Contractors, officers and directors.

ROLE OF CORPORATE OFFICE

The corporate office provides the capital and financial expertise, legal support, technology and systems support, shared services and strategic planning to our Business Units. Shared services is the sharing and leveraging of resources, people and information to more effectively and efficiently meet the needs of Mullen Group's subsidiaries to manage our Business Units with "best in class" support.

Shared services are provided by the following Mullen Group corporate office departments:

- centralized banking
- capital allocation
- human resources services and quality training
- payroll services
- finance and accounting oversight
- safety and loss prevention oversight
- insurance
- information technology and oversight
- fleet purchasing and licensing services
- operational support
- corporate investor services
- legal services

ORGANIZATIONAL STRUCTURE

Each Mullen Group subsidiary is operated as an independent, self-managed business unit, accountable for its own results, safety, returns on capital employed and overall performance. The success of our self-managed Business Unit model is based on the principles of leadership and accountability. By adhering to these principles, we have created a people-focused culture within Mullen Group that is committed to a safe working environment where people want to work and where we are viewed as a responsible employer in the communities in which we operate. We call



this being an **EMPLOYER OF CHOICE**. As such, we measure KPIs such as such safety statistics, employment equity, turnover and training hours.

STAKEHOLDER GROUPS

Our key stakeholders, in no particular order, are:

- the communities in which we operate
- the general public
- our Personnel including:
 - > our employees whether permanent, temporary, seasonal, full-time or part-time
 - > our owner operators and dedicated subcontractors
 - > contractors and agents
- visitors to our sites
- suppliers and service providers
- business customers
- financial community
- board of directors and shareholders

Key stakeholders are consulted on their perspectives on ESG issues. We engage in ongoing dialogue through meetings with internal working groups, Joint Health and Safety Committees¹ and external subject matter experts. The Executive Team and Business Unit Leaders also receive advice and feedback from ongoing stakeholder engagement and consultation.

MATERIAL TOPICS

Our industry is constantly changing, and we believe it is important to continually monitor how change impacts our most critical ESG issues. We continue to evolve our enterprise ESG strategy and goals that act on our material topics. Mullen Group conducted a materiality analysis regarding ESG resulting in the following material topics which form the basis for our continuous performance improvement process and associated reporting to the Board, Executive Team and all Personnel at our safety and Quality Council meetings.

Material Topics:

Governance

- Ethics and compliance
- Supply chain modernization
- Risk management
- Technology innovation
- Data protection and IT security

Personnel

- OH&S and wellbeing
- Public road safety
- Diversity and inclusiveness
- Talent attraction and retention
- Employee development

Environment

- Energy efficiency
- Drive-train innovation
- Electrification and clean energy transition
- Waste management and recycling

1.4 OUR TAGLINE

WE THINK about tomorrow **Our tagline really captures what we always talk about – the FUTURE.** It takes analysis, study of the situation, an understanding of the factors that could ultimately affect a variety of outcomes, perhaps even the less understood unintended consequences, and of course a lot of hard work. Here at Mullen Group we like to characterize all of these traits under the concept of **WE THINK ABOUT TOMORROW**. We challenge ourselves to be students of history, but not stuck in the past. We view tomorrow as where we want to be, which requires that we think about what is happening around us today and then strategize as how to best position our organization to be successful tomorrow. **WE THINK ABOUT TOMORROW** is what we do

¹ We have Joint Health and Safety Committee (or equivalent) at each location in which we operate. The committee is a group of Personnel from all levels committed to improving health and safety conditions in the workplace.



here at Mullen Group. This includes our high regard for the environment, our future generations and our understanding that a focus on decarbonization is necessary.

1.5 OUR MISSION

WE ACQUIRE COMPANIES AND STRIVE TO IMPROVE THEIR PERFORMANCE

A successful strategic plan contemplates growth, the heart of any organization. Clearly defined strategies outline the path of expected growth but in addition, place the required disciplines into the system to ensure the long-term viability of the organization is not compromised. Since going public in 1993, Mullen Group has completed nearly 100 acquisitions which have been the foundation of our strategy for growth. Some of these acquisitions have been small tuck in acquisitions while many others were larger, well established name brand companies.

What is important to note is that once we have closed an acquisition our work has only just begun. As an acquisitive company, we improve newly acquired companies' employee relations and safety performance by instituting our "On the Road to Quality" program and more accurately measure their safety performance. Our belief in the self-managed business unit and the principles of continuous improvement require us to ensure that all of our Business Units constantly look at ways to improve their operating and safety results – whether it is the first company we acquired or the most recent. This is where our mission **TO ACQUIRE COMPANIES AND STRIVE TO IMPROVE THEIR PERFORMANCE** comes from. The experience we have gained from completing these acquisitions, positions our organization for future growth through acquisitions in those industries that we have a strong understanding and accomplished business unit leaders.

Please refer to our 3-year history section of our [Annual Information Form](#) (“AIF”) to see details of our most recent acquisitions.

1.6 CULTURE AND VALUES

INTEGRITY

Integrity is what our company was founded on and remains the basis of how we do business. Mullen Group strives to build mutually respectful and trustworthy relationships with our Personnel, our customers and our community. Our success in building these relationships is a result of our commitment to one of our guiding principles: "**If we say it – we do it**". All Personnel are covered under our Behaviour Guide - How We Conduct our Business which we refer to as our [Code of Conduct](#) and are expected to adhere to and demonstrate the highest ethical standards.

LEADERSHIP

Mullen Group expects the companies we invest in to be industry leaders. This is accomplished by challenging our people to enhance their leadership skills and overall abilities through continuous training.

PEOPLE FOCUSED

At Mullen Group, we understand that companies do not provide superior customer service, **PEOPLE DO**. We believe that people prosper within an organization when they have the competitive tools and a supportive environment in which to work. People within the Mullen Group are empowered and supported to make decisions. They are given responsibility and challenged to be accountable for the results of their actions.

Our growing organization is well-suited to those individuals who not only want to excel at what they do but want the opportunity and the challenge to try new and exciting ventures, allowing them to move ahead.

Having a **PEOPLE FOCUSED** culture means:

- Hiring the best
- Defining each person's role (in detail)
- Training them to successfully perform their role
- Providing necessary resources
- Giving consistent feedback (recognition and redirection)
- Holding people accountable



OPERATIONAL EXCELLENCE

Providing customers with high quality customer service is the key to any successful organization. Mullen Group strives to achieve a superior level of customer service by focusing on the goal of attaining "Excellence in everything we do". Mullen Group subscribes to the principles of TQM. This program encourages each employee to strive for quality in every aspect of our business. Mullen Group has designed its own quality program, branded "On the Road to Quality". This nationally recognized, award-winning program is designed to help us provide the highest levels of customer service and maintain a high-quality work environment for our people.

INVESTING IN OUR PEOPLE

At Mullen Group we believe that to be a Best-in-Class organization and an Employer of Choice we must invest in our people. In addition to education, training and comprehensive safety programs, we offer the following initiatives:

- Employee and Family Assistance Program;
- Roland and Leona Mullen Scholarship;
- Benefit plans;
- Opportunity for advancement – we focus on promoting from within Mullen Group;
- Transfer opportunities within Mullen Group;
- Education and training including our Business Management Certificate ("**BMC**") program;
- Incentive programs – because Mullen Group shares its success and because they help us provide a high-quality work environment for our people; and
- Competitive wage packages.

As quality guru Dr. W. Edwards Deming once said:

“It is the right of all people to have joy in their work.”

We take that statement very seriously.

Core to our people focused culture is the goal to provide a Quality work environment that is committed to continuous improvement, growth opportunities and investing in our people. An essential element to achieving these goals is to provide proper training and education. Upon hiring, all Personnel are oriented and familiarized with all our corporate policies including our Code of Conduct a copy of which can be accessed on SEDAR at www.sedar.com. As a proactive organization, we coach Personnel on a consistent basis. All drivers are certified and re-certified in key driving skills and receive continuous feedback on KPIs such as idling times and speed. This feedback is enabled by geomatic devices and forward-facing cameras that help improve safety and enhance morale.

In addition to providing specific job-related and safety training, we encourage ALL of our people to continue their education, training and skills upgrading. Our overall training-related goal is to have every individual in the organization receive a minimum of 20 hours of education and skills upgrading each year. For this reason, we have partnered with SAIT Polytechnic to provide our BMC Program to all interested employees. In 2021 employees received a total of 98,858 hours of formal "in-class" training (2020 – 74,670 hours). Our Personnel also receive annual performance reviews, which includes feedback on performance and goals for advancement.

1.7 MEMBERSHIPS

Meeting the world's need for energy while managing greenhouse gas ("**GHG**") emissions is a complex challenge and every individual and company has a responsibility to use energy resources wisely. At Mullen Group, our ESG strategy is guided by the principles of our "On the Road to Quality" initiative and TQM. This participatory management system focuses on excellence and include a focus on safety and sustainability. We recognize that we cannot reach our goal unless we involve everyone in the process of continuous improvement.

Global supply chains and sustained e-commerce has increased the demand for logistics and transportation solutions. While our business benefits from this trend, our business activities also have an impact on the global environment, primarily in the form of carbon emissions. Responsibility to reduce emissions from supply chains is



becoming increasingly important in customer and corporate decision-making. Consequently, companies are reaching out to business partners with similar goals, turning fuel efficiency and emissions reductions into a business-to-business proposition. Our goal is to minimize environmental impacts by focusing on continuous improvement measures aimed at protecting the environment. One of our core memberships is SmartWay. Originally launched by the US Environmental Protection Agency ("EPA") in 2004, SmartWay has been administered in Canada by Natural Resources Canada since 2012. Mullen Group, through its Business Units, were some of the initial members of SmartWay in Canada.

SmartWay Partners are committed to sustainability and a greener supply chain.

SmartWay is a collaboration designed to help businesses reduce their carbon footprint while transporting goods in the cleanest most efficient way possible. SmartWay works with freight carriers and shippers committed to benchmarking their operations, tracking their fuel consumption and improving their annual performance. By moving goods in the cleanest, most efficient way possible, SmartWay partners foster higher productivity while protecting the environment. To date, 24 of our Business Units are SmartWay partners (which includes all of our trucking Business Units). The EPA and Natural Resources Canada, through Smartway, review our operations annually and together we benchmark, amongst other KPIs:

- fuel consumption
- idling hours per truck
- average payload
- average kilometres per truck
- empty or unloaded kilometres (%)
- capacity utilization (%)



We measure the above KPIs, along with speed and driving analytics, in real-time by connecting the on-board truck computer with a telematics device and our ERP. Fuel efficiency, the main driver of carbon emissions, is influenced by the nature of our operations and geography. Payload weight, traffic conditions and weather impact fuel efficiency. In particular heavier loads, cold weather, mountainous terrain and traffic congestion negatively affect fuel efficiency. In addition to SmartWay reviews, our fuel usage is regularly audited by provincial and federal authorities.

Other than SmartWay, our other primary memberships and advocacy primarily focuses on **SAFETY**. Our primary memberships include provincial trucking associations and the following:

- Trucks for Change Network
- FAST – Free and Secure Trade
- CCOHS – Canadian Centre for Occupational Health and Safety
- CTA – Canadian Trucking Alliance
- COR – Certificate of Recognition Program
- C-TPAT – Customs Trade Partnership Against Terrorism
- FCA – Freight Carriers Association of Canada
- PIP – Partners in Protection
- TTSAO – Truck Training Association of Ontario
- Alberta Construction Safety Association
- ATA – American Trucking Associations
- IANA – Intermodal Association of North America

The work we do with these organizations is of strategic importance to us, as through our membership and partnership with these organizations we are able to take part in shaping the dialogue on overarching industry and societal issues. These include, for example, advocacy for enhanced road safety standards and professional driver apprenticeship programs.



SOCIAL



2. SOCIAL

2.1 ON THE ROAD TO QUALITY

Mullen Group goes to great lengths to hire the very best people. Individuals who believe in a commitment to operational excellence in everything we do. Mullen Group has designed its own quality program, branded "On the Road to Quality". This nationally recognized, award-winning¹ program is designed to help us provide the highest levels of customer service and maintain a high-quality work environment for our people.

We recognize that we cannot reach our goals and objectives unless we involve everyone in the process of continuous improvement. We want all employees to find new and creative ways to achieve success by having employees identify opportunities for improvement.

This process of continuous improvement requires a system of communication whereby employees can make recommendations to improve a work process. If one sees an opportunity to improve a work process or has an idea or suggestion, we encourage our employees to present it to their Team Leader who will bring it forward to the appropriate department.

Mullen Group endorses an open door practice that encourages employees to discuss any concerns they may have with those people who can and will decide what to do about it. In most instances, that means raising concerns with their Team Leader or the Human Resources Department. More information on the reporting procedure for employees is referred to in Mullen Group's Code of Conduct.

Our commitment to quality understands that employee satisfaction produces customer satisfaction and this is only achieved when mutual trust and mutual respect are present in all our customer/supplier relationships, which in turn produces mutual benefit to all concerned parties. Employees are challenged to apply their creative energies and encouraged to improve upon their skills. This is how we can contribute to provide the highest levels of customer service and maintain a quality work environment for all of our employees.

To ensure that we meet our established goals and objectives, everyone at Mullen Group is expected to contribute. Senior executives and leaders are entrusted by the stakeholders of Mullen Group with the responsibility of developing our strategic plans, defining growth opportunities and identifying the challenges and risks associated within our business.

¹ Mullen Trucking has been recognized by the National Quality Institute for outstanding achievement in Quality. It has received the Order of Excellence Award, the highest level of recognition from the National Quality Institute.



WHAT QUALITY MEANS TO MULLEN GROUP

As a Company and as individuals, we accept the responsibility and the challenge of providing each and every customer with our very best.

Our goal of TOTAL CUSTOMER SATISFACTION will be achieved because we are committed to the process of continuous improvement.

The Company will provide all employees with the necessary equipment, facilities, technology, training and systems required to pursue the goal.

Our six guiding principles to customer satisfaction are:

- 1. Excellence is our goal**
It must be pursued in everything we do.
- 2. Everything must have a useful purpose**
This means we must work on the right things.
- 3. If we say it - we do it.**
Our word is our reputation. We must do what we say we are going to do.
- 4. We endorse a disciplined approach to profit expectation**
Long-term success can only be achieved if the Company is financially sound.
- 5. We endorse a disciplined approach to safety performance**
The health and safety of our employees shall not be compromised.
- 6. We invest in our employees**
Companies do not provide customer service - people do.



Murray K. Mullen
Murray K. Mullen



WE THINK tomorrow™



CORPORATE OBJECTIVES

Our commitment to quality is driven by four clear objectives:

1. Strive for Job Security
2. A Quality Work Environment
3. Growth Opportunities
4. Monetary Gains

To achieve our objectives we follow these basic principles:

1. Focus on the situation, issue, or behaviour, not on the person.
2. Maintain the self-confidence and self-esteem of others.
3. Maintain constructive relationships with your employees, peers, and leaders.
4. Take initiative to make things better.
5. Lead by example.



Murray K. Mullen
Murray K. Mullen



WE THINK tomorrow™



To achieve this, the senior executives set corporate goals each year. Each department or team is then asked to examine their goals and objectives for the year to ensure they are aligned with the corporate goals and objectives.

During their annual review, each individual is then asked to align his/her personal goals in support of the department goals. When personal goals and department goals are aligned with corporate objectives our commitment to quality is achievable. Everyone in the company provides or supports our customer service and safety initiatives. With the alignment of an effective strategy accompanied by executive support, our goals and objectives will be transformed into realities.

2.2. SAFETY

At Mullen Group, we have one simple goal – **to Achieve Excellence in Everything We Do**. It is a commitment, a shared belief of our Board, our Senior Executives and our Business Units leaders and one that we strive to instill throughout our large and growing organization. The goal is not about perfection but rather about striving to be the best we can be. It does more than ensuring that our customers will entrust their business to our organization. It provides each of us with a roadmap in terms of: our commitment to the health, well-being and safety of our employees; our responsibility to share the highways we use responsibly; and to ensure that we use best practices to protect the environment.

Mullen Group is committed to health, safety and environmental performance and has a strong culture of integrity. Our guiding principles state that:

"We endorse a disciplined approach to safety performance. The health and safety of our employees shall not be compromised."

Murray K. Mullen

There is no single identifiable aspect of our daily activity that has more of a bearing on the success or failure of our business than safety. The welfare of our Personnel, the general public and the protection and security of our customer's property as well as the environment all benefit from safety. Safety in the workplace is fundamental to meeting the objective of satisfying customer requirements and the goal of achieving better business results. Compromising safety is the same as compromising the well-being of our employees or the environment, **which is not acceptable**.

At Mullen Group, safety is not just a buzzword or a few rules, policies and procedures. It's much more than that. Throughout our entire organization, safety is a culture that consists of shared beliefs, practices and attitudes. Providing all employees with a safe and quality work environment is one of the stated objectives of Mullen Group. In addition, Mullen Group strives for excellence in safety by hiring only those individuals who are committed to these same objectives. We achieve excellence by providing on-going safety information and training through seminars and publications, committing to use only the most modern and up-to-date equipment available, undertaking safety inspections **that far exceed** industry and regulatory requirements, adhering to stringent guidelines with respect to compliance with highway regulations and generally utilizing a performance based pay system that rewards drivers for professional performance. Mullen Group will continue to promote the requirement of a safe work environment and general highway safety as an integral part of its corporate strategy.

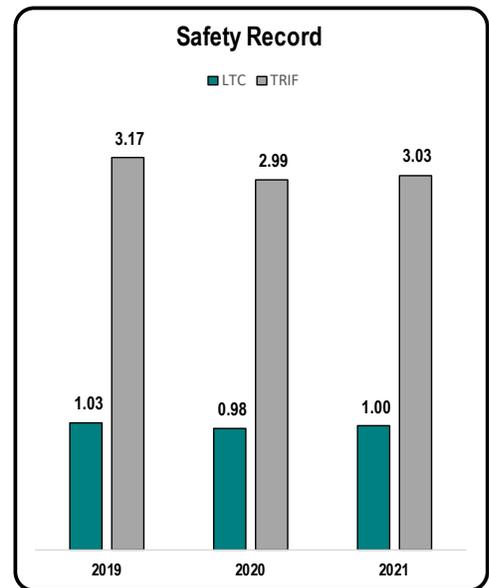


"7 KEY ELEMENTS" OF OUR SAFETY PROGRAM

By incorporating these seven elements into our world class safety program we set ourselves up to have an excellent safety record.

1. **Recruitment:** We want to attract the very best individuals to our organizations.
2. **Pre-Employment Hiring Procedures:** We orientate, train, test, and assess fitness for duty.
3. **Set the Standards:** We let everyone know what is expected.
4. **Monitor & Measure Performance:** We must ensure that everyone follows the standards established.
5. **Provide Safe and Reliable Equipment and Facilities:** This is clearly the responsibility of the company. Every employee needs access to the right tools to be successful.
6. **Education & Skills Upgrading:** We learn by doing and through improving our skills. It is important to encourage every employee to learn better and safer techniques and ways of doing their jobs.
7. **Discipline:** For those that cannot adhere to Mullen Group's approach to safety and/or meet the performance standards, we provide the opportunity to improve their skills and be re-certified by way of additional training. Ultimately, however, they must conform. Those that will not adhere to the company's approach to safety must be removed from active duty, for their own benefit as well as for the safety of those that work around them.

Our OH&S management system is voluntarily externally audited by provincial authorities who issue compliance measures such as a Certificate of Compliance ("**COR**") to ensure we meet or exceed regulatory compliance and adopt best practices. All Personnel are trained and encouraged to report all hazards, as well as near misses and incidents. All information is tracked and reports are analyzed to identify trends as well as ensure all required corrective actions are undertaken and completed. Further, we have Joint Health and Safety Committees (or equivalent) at each location in which we operate. The committee is a group of Personnel from all levels committed to improving health and safety conditions in the workplace; working together to identify and solve health and safety concerns at the workplace. The committees also promote the three basic rights that all Personnel have in protecting their health and safety: the right to know, the right to participate and the right to refuse unsafe work. In addition, to enhance wellbeing outside the workplace, we have an Employee and Family Assistance Program that provides all Personnel with immediate and confidential help for any work, health or life concern at no cost. Further, through our benefits provider, Personnel have access to a mental health microsite that provides help to those struggling with personal or professional issues. Finally, free webinars and monthly newsletters provide timely advice about current societal trends or safety issues.



At Mullen Group, a world-class level of injury-free operation is defined by achieving a Lost-Time Claim frequency¹ ("**LTC**") of less than one (< 1.0) and a Total Recordable Injury frequency² ("**TRIF**") of less than four (< 4.0). The table above presents Mullen Group's safety performance over the past three years:

¹ LTC Frequency rate is calculated as: $\frac{(LTC+Fatalities) \times 200,000 \text{ working hours}}{\text{Total Number of Working Hours}}$

² TRI Frequency rate is calculated as: $\frac{(LTC+Fatalities+Restricted Work Claim+Medical Aid) \times 200,000 \text{ working hours}}{\text{Total Number of Working Hours}}$



In addition to fundamental worker safety statistics, Mullen Group tracks the value of cargo and auto claims and the number of claim free shipments. In 2021, our gross claims to revenue ratio was 0.73% (2020 – 0.80%). Our claim free delivery ratio was 99.94% (2020 – 99.92%).

2.3. INDIGENOUS PARTNERSHIPS

Mutually beneficial relationships with Canada's Indigenous peoples are critical to the success of Mullen Group. We conduct business in a manner that respects the land, environment, rights and cultures of Indigenous communities. Understanding community Indigenous needs and interest are crucial. Respectful communication is key. Mullen Group has been engaging and developing relationships with Indigenous groups for more than a decade. Our Indigenous partners and their communities welcome economic development that can help them meet their goals while protecting the environment and respecting their local culture and values. As a result, our Business Units have been involved in many First Nations consultations and negotiations to implement a number of agreements and build relationships with the First Nations and their members. A successful partnership is not just about monetary compensation but about respect, open dialogue, inclusiveness, transparency and good governance. In total, Mullen Group and its Business Units have formalized collaboration agreements with nearly 30 Indigenous groups. Further, many of our Personnel have taken Indigenous awareness and diversity training and such training is mandatory as part of the on-boarding training at certain Business Units.

2.4. EMPLOYMENT EQUITY & DIVERSITY

Canada today is a place of continually increasing diversity with people of different ethnicity, sexual orientation, physical abilities, lifestyles, values and personal interests, living, learning and working together. Understanding and valuing this diversity in our employees, customers, suppliers and shareholders and reflecting it in our workplace is key to our success. Mullen Group is committed to providing a collegial working environment in which all individuals are treated with respect and dignity. Each individual has the right to work in a professional atmosphere that promotes equal opportunities and prohibits discriminatory practices. Further, as a federally regulated industry, transportation companies in Canada are subject the Employment Equity Act that promotes the equity principles for certain groups such as women, Indigenous peoples, persons with disabilities and members of visible minorities. Federal Employment Equity legislation requires formalized employment equity programs and annual reporting to the Government of Canada on goals and progress. As such, the majority of Mullen Group's Business Units are federally regulated and required to file annual employment equity reports to the Government of Canada for which we have been recognized with Employment Equity Achievement Awards. For our provincially regulated Business Units formalized TQM and equity principles are applied throughout the organization.

The primary purpose of employment equity is to ensure that employees and job applicants – particularly women, Indigenous people, individuals with disabilities and members of visible minorities – are provided with opportunities for employment and advancements consistent with their skills and abilities. The intent is to identify and remove any systemic or unintentional discriminatory practices contained within our employment practices and procedures. We are committed to maintaining a workplace where the terms and conditions of employment are equitable, non-discriminatory and free from barriers including providing new parents with up to 78 weeks of maternity/parental leave. We are committed to building a skilled and balanced workforce where opportunities are provided on the basis of merit and where all employees have the opportunity to reach their full potential and contribute positively toward our goals.

Mullen Group continues to ensure that our workforce is one that is representative of the skilled and qualified labour pool available in each of its regions of operation. All Personnel play a role in achieving employment equity. With all of our Personnel's support and help, we demonstrate leadership in our industry by creating a workplace in which people advance, achieve and contribute regardless of race, colour, religious beliefs, place of origin, ancestry, age, gender, sexual orientation, gender identity and expression, mental or physical disability, marital status, family status and source of income.

Our employment equity objectives are to:

- Raise awareness, understanding and appreciation of the diversity that characterizes our employees, customers, suppliers and shareholders.



- Help ensure fairness to all Personnel (present and future) while making the best use of all available and qualified resources.
- Review our human resources policies and practices to ensure that they are free from discrimination.
- Make reasonable accommodations to prevent undue hardship for all employees.
- Work at removing physical and attitudinal barriers.
- Monitor our progress toward an equitable workplace.

We abide by a non-discriminatory practice of hiring or transferring to any vacancy, any qualified applicant without regard to race, colour, religious beliefs, place of origin, ancestry, age, gender, sexual orientation, gender identity and expression, mental or physical disability, marital status, family status and source of income. We offer equal opportunity for employment and advancement to all qualified applicants and employees. All reasonable efforts will be made to fill vacancies from within Mullen Group, however, the policy is to fill the positions with whom Mullen Group deems to be the best-qualified individual.

Mullen Group endorses an open-door practice that encourages Personnel to discuss any concerns they may have. In most instances, that means raising concerns with their Team Leader or the Human Resources Department. In addition, reporting procedures have been developed to assist employees when they are uncomfortable with addressing concerns in this manner. More information on the reporting procedure for our people is outlined in our Code of Conduct.

An indicator of employee satisfaction is our employee turnover rate, which is well below the industry average. The industry average, as reported by the American Trucking Association is 92%¹. Our turnover rate in 2021 was 32% (29.0% - 2020). This achievement is despite the labour scarcity within the transportation industry. Prior to the pandemic, US unemployment in the transportation industry was below the national average at 2.6% and was 4.7% in October 2021².

At December 31, 2021, women constituted approximately 26% of our executive and Business Unit Leaders. Two of our seven board members, or 29%, are women. Women in driving positions at our Business Units exceeded the national average by approximately 20%.

2.5. USE OF SUPPLIERS

SHARED VALUES

The sustainability focus within our supply chain processes and partnerships supports our goal of achieving best-in-class safety results and treating all workers with respect. We partner with suppliers who share our values and align with our strategic objectives — seeking opportunities to reduce environmental impacts, supporting the communities where we work and live, and collectively contributing to economic growth. We believe that successful partnerships with our suppliers are built on a common set of values.

Our direct suppliers are almost exclusively from Canada or the United States. Our main suppliers include third-party truckers, Class 8 truck manufacturers and fuel suppliers. We ensure that our core values and principles are shared by our suppliers.

All third-party trucker contractors are vetted and must have an acceptable safety record which includes a review of their safety rating, as determined by government agencies that include hours-of-service and safety violations, as well as a review of their insurance and worker's compensation coverage.

Owner Operator and Contractor Compensation and Working Hours: We provide suppliers with clear and concise information about the basis on which they are paid and have a strong reputation of being a customer of choice. Applicable Canadian and American hours of service regulations and industry standards apply with regard

¹ <https://www.trucking.org/news-insights/turnover-remained-unchanged-large-truckload-fleets-fourth-quarter>

² <https://fred.stlouisfed.org/series/LNU04032236>



to working hours and compensation. We pay our Owner Operators and subcontractors in a timely manner, sometimes months in advance of being paid by our customers.

Diversity: Our direct Canadian and American suppliers are subject to anti-discrimination laws. Further, our federally regulated third-party truckers are subject to employment equity laws and regulations that include the requirement to develop employment equity plans and measurements. We have the expectation that our suppliers will not discriminate or tolerate discrimination with respect to gender, race, religion, age, disability, national origin or any other characteristic protected under law.

Child & Forced Labour: Our direct suppliers are primarily Canadian and US based and as such, we have the belief that our suppliers do not employ children aged below the applicable legal minimum employment age and the expectation that our suppliers will reject all forms of forced labor, slavery or compulsory labour within their supply chains.

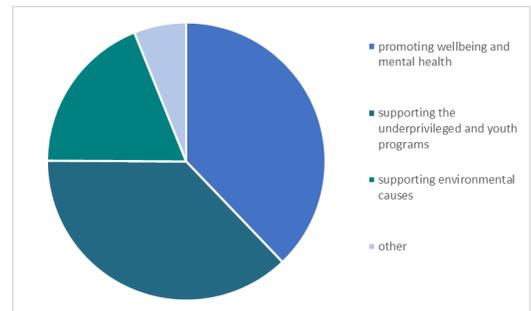
2.6. COMMUNITY INVOLVEMENT

We are united in our dedication to providing the best possible service and experience to all of our stakeholders. We use our proficiency as logistics experts for the benefit of society and the environment. We operate a decentralized business model dedicated to supporting the local communities in which we operate. This includes:

- connecting communities to local and global markets;
- supporting local communities with employment opportunities and economic development;
- respecting Indigenous Peoples through mutual partnerships; and
- supporting local charities and initiatives.

Through our philanthropy program, we actively support local non-profit organizations that serve our communities. Our charitable contributions aid in advancing a range of initiatives focused on:

- promoting wellbeing and mental health
- supporting the underprivileged and youth programs
- supporting environmental causes
- other



In addition to monetary donations, our Business Units and Personnel are involved in their communities either by volunteering or in other innovative ways. For instance, early on in the pandemic it was identified that mental health was an emerging challenge. In response to this problem, we made mental health supports available to all Personnel and their families and we promoted mental well-being by using trailers to advertise mental health supports for the community as a whole.



ENVIRONMENT



3. ENVIRONMENT

3.1. ENVIRONMENTAL CODE OF PRACTICE

Mullen Group is fully committed to environmental protection and abides by the following:

- Conform with or exceed applicable legislation, regulations, and industry standards;
- Recognize environmental management as among the highest corporate priorities; establish environmental responsibility at the board and chief executive level and integrate corporate environmental policies, programs and practices as an essential element of management at all levels and functions;
- Educate, train and motivate Personnel to conduct their activities in an environmentally responsible manner;
- Develop, implement and maintain effective emergency response procedures to minimize the consequences of emergency events;
- Work with government, industry groups and the public to improve and develop environmental standards and the understanding of relevant environmental issues;
- Encourage and support environmental research to expand scientific knowledge and develop improved technologies to protect the environment; and
- Conduct environmental compliance reviews at selected locations, at regular intervals.

Mullen Group expects all Personnel to conduct their activities in an environmentally sound manner. Efforts are made in all areas to **Reduce, Reuse and Recycle**. Environmental information for Personnel is provided by Team Leaders and environmental issues are discussed during Quality Council meetings. Some of the practices that have been initiated by Mullen Group are:

- Participating in SmartWay;
- Purchasing trucks with the most up-to-date environmental standards and technology including the testing of CNG and hydrogen fuel cell tractors;
- Eliminate the purchase of propane powered indoor forklifts reducing CO² emissions by approximately 15.7 tCO² per unit per annum;
- Transition our fleet of local delivery vans to 100% hybrid models reducing CO² emissions by approximately 16.6 tCO² per unit per annum;
- Transition our fleet of yard trucks to 100% electric models reducing CO² emissions by approximately 30.8 tCO² per unit per annum;
- Document management systems that allow for the electronic document sharing of information to reduce paper usage;
- Transitioning to LED lighting where possible;
- Tele-conferencing technology that allows participants to meet without the need for travel;
- Recycling the majority of all discarded paper, cardboard, plastics, cartridges and unusable computer parts as well as used oil, tires and parts; and
- Purchase reusable products when available and suitable.

3.2. SMARTWAY TRANSPORTATION PARTNERSHIP

A significant portion of our ESG strategy is our voluntary participation in SmartWay. Meeting the world's need for energy while managing emissions is a complex challenge and every individual and company has a responsibility to use energy resources wisely. At Mullen Group, we continually strive to reduce deadhead miles and increase fuel efficiency. Responsibility to reduce emissions from supply chains is becoming increasingly important in customer and corporate decision-making. Consequently, companies are reaching out to business partners with similar goals, turning fuel efficiency and emissions reductions into a business-to-business proposition. Originally launched by the EPA in 2004, SmartWay has been administered in Canada by Natural Resources Canada since 2012. SmartWay is a collaboration designed to help businesses reduce fuel costs while transporting goods in the cleanest most efficient way possible. SmartWay works with freight carriers and shippers committed to benchmarking their



operations, tracking their fuel consumption and improving their annual performance. SmartWay certified carriers are invested in reducing fuel costs, improving efficiency, and encouraging best practices in their freight supply chains. By moving goods in the cleanest, most efficient way possible, SmartWay partners foster higher productivity while protecting the environment. To date, 24 of our Business Units are SmartWay partners (including all of our over the road truckers).

There are many factors that affect fuel efficiency including weather and engine design, and the changing nature of our operations. The intensity of emissions per vehicle is expected to decline in future years as we retire older, less efficient vehicles and replace them with new alternative drive-train technologies, however, these savings may be offset by growth in revenue and acquisitions. As a result of our sustainability efforts, our carbon intensity per revenue dollar has been reduced in recent years. It is estimated that we emitted 0.229 million metric tonnes of CO² (2020 – 0.267 million metric tonnes). During 2021 Mullen Group travelled a total of 243.0 million kilometres, an increase of 6.3%, as compared to the prior year, while revenue was up 26.9% thereby reducing our carbon intensity. In 2021, we emitted 20.22 grams of CO² per dollar of revenue, an 11.9% improvement from 2020's 22.95 grams of CO² per dollar of revenue.

The following statistics include both our company owned units as well as our owner operators:

	kilometres travelled	Litres consumed	MPG (imperial)	Conversion factor ¹	Tonnes of CO ²
2021	242,968,864	112,116,223	6.16	2,664	298,672
2020	228,563,024	100,288,949	6.48	2,664	267,165

Other energy consumption at our facilities during 2021:

	Usage	Conversion factor	Tonnes of CO ²
Electricity	33.5 million kWh ²	0.315 kg CO ₂ e / kWh ³	10,563
Natural gas	554,420 GJ	50,636 / GJ ⁴	27,567

3.3. TRANSPORTATION OF DANGEROUS GOODS

The transportation of dangerous goods is highly regulated in North America. These complex regulations have been communicated to our workforce in clear plain language and are followed by everyone involved in the process of handling or transporting dangerous goods. Shippers are responsible for classifying, documenting, packaging and labelling dangerous goods. Carriers are responsible to verify that the information is present and, if not, then to have it corrected before picking up the dangerous goods shipment.

In 2021 we transported 5,782,081 shipments (2020 – 3,521,173 shipments). There were no significant environmental incidents and a total of 19 reportable incidents or 99.94% defect free (2020 – 16 reportable incidents or 99.92% defect free).

3.4. WASTE

As a service provider, waste is not considered a material ESG factor to Mullen Group. Nonetheless, we have had a waste policy in place for over a decade, based upon principles of sustainability. We try to avoid creating anymore waste than is necessary. Increased digitalization of our processes and communications helps us reduce paper waste in our operations. Further, all wastes generated are separated and recycled when possible. The decommissioning of IT equipment is covered by corporate policy. IT equipment identified as end-of-life may be dismantled for any spare and/or working parts. Remaining parts and/or whole machines unfit for use will be disposed of according to applicable environmental guidelines and disposal procedures, in accordance with regulations set by

¹ Grams per litre - source: <https://open.alberta.ca/dataset/0bd903d4-27e6-434d-9a25-1a3c45fd9904/resource/cefe22e8-d462-4404-acd2-405111dfb230/download/methodology-for-establishing-fuel-specific-carbon-levy-rates.pdf>

² The majority of our electricity consumption is generated by renewable sources

³ Source: Canada's 1990-2018 National Inventory Report (NIR), issued in 2020 - Grams per kWh varies per jurisdiction

⁴ Source: https://data.ec.gc.ca/data/substances/monitor/canada-s-official-greenhouse-gas-inventory/Emission_Factors.pdf - varies per jurisdiction – where reported in m³ – converted at 26.853 per m³ to GJ



the Alberta Recycling Management Authority or applicable local laws or regulation. Our maintenance facilities recycle all used oils, tires and parts.

3.5. NOISE

At sites located near residential areas, our local management works closely with residents and other affected stakeholders to ensure that noise pollution caused by our business activity is kept to a minimum. This primarily involves the transitioning to alternative drive-train technologies including both hybrid and electric vehicles. Further, the use of compression-brakes (Jake-brakes) is kept to a minimum.



GOVERNANCE



CLEAN BURNING CNG

4. GOVERNANCE

4.1. QUICK FACTS ABOUT OUR BOARD

- One-tier, 7-member Board of Directors
- 5 members (71.4%) are independent
- Board candidates are selected with consideration for competence and experience, as directed by the Compensation, Nomination and Governance ("CNG") Committee
- Board membership is 29% women, including our Lead Director
- The average tenure of our independent directors is 5 years
- None of our Directors are considered "overboarded"
- There are no interlocking board relationships
- Our Board Manual, including our Board Mandate and Terms of Reference can be found [here](#)
- Further information can be found in our [Information Circular](#)

4.2. HOW WE GOVERN

As part of its oversight responsibility, the Board oversees our strategic planning process and helps ensure that management creates a culture of integrity and is responsible for its overall ESG strategy. ESG risks are evaluated, prioritized and managed by the Executive Team, and these risks and corresponding mitigating actions are reported to various board committees and/or the board on a regular basis. The board committees and the Board provide the Executive Team with feedback regarding the company's risk management processes.

A detailed overview of our governance practices can be found in our Information Circular (available on our website at www.mullen-group.com and our corporate issuer profile on SEDAR at www.sedar.com). The majority of board members are independent and the board has set up committees in charge of audit, compensation, nomination and governance, which are entirely composed of independent members. Mullen Group has also appointed an independent Lead Director. In addition, there are no interlocking board relationships. All Personnel, including our Board, are expected to adhere to and demonstrate the highest ethical standards and are further required to abide by our Code of Conduct.

4.3. ATTRIBUTES EXPECTED OF ALL BOARD MEMBERS

Integrity/Accountability	Demonstrates high ethical standards, avoids conflicts of interest, acts in the best interests of Mullen Group, and maintains the public confidence and goodwill of all Mullen Group stakeholders.
Team Oriented	Demonstrates the ability to function in a team environment by working effectively and collaboratively with peers. Maintains a positive attitude towards resolving conflict and developing and maintaining healthy relationships.
Independence	Ability to formulate or maintain one's own opinion, while remaining objective in considering other perspectives.
Business Judgement / Analytical	Ability to leverage one's own experience and wisdom in making sound strategic and operational business decisions. Demonstrates business acumen and a mindset for risk oversight.
Commitment	Availability and willingness to attend and contribute to board meetings and/or functions, travel as necessary and take leadership roles as required.



Diversity Contributes to the Board in a way that enhances board perspective through one's own differences in culture, geographic origin, age, personality, gender, skill, training, educational background and/or life experience.

4.4. ATTRIBUTES REQUIRED BY THE BOARD AS A WHOLE

Financial Experience Senior executive or consulting experience in financial accounting and reporting and corporate finance, especially with respect to debt and equity markets. Comprehensive knowledge of internal financial controls and generally accepted accounting principles. Experience in auditing, evaluating or analyzing financial statements. May have formal education in this regard.

Trucking/Logistics Knowledge and experience in the trucking/logistics industry throughout North America.

Oil and Natural Gas Industry Knowledge and experience in one or more areas in which the Business Units within Mullen Group's Specialized and Industrial Services segment operate.

Leadership (Senior Level Management Experience) Experience as a senior executive officer responsible for driving strategic insight and providing direction to encourage innovation and growth.

Mergers & Acquisitions Experience Experience as a senior executive officer and/or legal or financial experience in merger & acquisition activity. Includes consulting roles and may include formal education in this regard.

Corporate Governance Experience Senior executive experience relating to corporate governance matters (such experience includes serving in a senior role as General Counsel or Corporate Secretary and includes expertise in this regard as a result of a role in a legal or accounting firm). May include formal education or other academic training relating to the corporate governance profession (including ICD.D or other specific director designations).

Human Resources Experience Senior executive experience related to human resources matters such as broad knowledge of employment law, compensation, organizational planning, organizational development and employee relations.

International Business Experience Experience working in an organization with international operations and understanding of different political and regulatory requirements.

Health, Safety and Environmental An understanding of industry regulations and public policy related to workplace health and safety.



4.5. INDEPENDENCE

Each year we ensure that we have a Board that is comprised of a majority of independent directors. In determining a director's independence we refer to the applicable securities laws and, in particular, the "Meaning of Independence" set forth in National Instrument 52-110 - Audit Committees ("**NI 52-110**"), which indicates, among other things, that a director is considered independent only where the Board determines that the director has no direct or indirect material relationship with Mullen Group or its Business Units. Based on a review of NI 52-110, we have determined that:

- the Board is majority independent with five of seven directors classified as independent, namely, Stephen Lockwood, Christine McGinley, Jamil Murji, Philip Scherman and Sonia Tibbatts;
- Mr. M. Mullen is not independent as he is an executive officer of Mullen Group; and
- Mr. D. Mullen is not independent as he is related to Mr. M. Mullen.

4.6. ASSESSMENTS

The CNG Committee administers the process for assessing the effectiveness of the Board as a whole, the Chair of the Board, the committees of the Board, and individual directors of the Board. The annual evaluation process was designed to provide directors with an opportunity to evaluate how the Board is operating and to make suggestions for improvement. It was designed primarily to provide constructive input for the improvement of the Board "as a whole or as a unit".

A questionnaire is circulated annually to each director, which analyzes the organization and performance of the Board against the description of the Board duties and responsibilities and corporate governance best practices, and provides an opportunity for each director to evaluate his or her own performance as well as that of his or her peers. In order to achieve the latter evaluation, a peer assessment section is included in the questionnaire. The results of the evaluation are compiled by the Lead Director and reported to the CNG Committee. The results are also presented within the CNG Committee's report to the Board at which time any concerns are addressed with the Board. The directors discuss the results of the evaluation and the Lead Director conducts follow-up as required.

Each year the Chief Executive Officer completes a self-evaluation in the same manner as all other Mullen Group employees. A separate evaluation of the Chief Executive Officer is also completed by each independent director. The results of the evaluation forms are summarized by the Lead Director and addressed directly with the Chief Executive Officer, and then reported to the CNG Committee.

4.7. EXECUTIVE COMPENSATION

Our compensation program and philosophy have been developed as a means to support the growth, diversification and long-term success of a public organization. The compensation framework emphasizes the retention of executives and senior management as a key element in the performance of Mullen Group along with the strategy of maintaining a decentralized business model whereby the Business Units are incented to generate superior profitability and returns on capital deployed **while simultaneously ensuring the businesses operate safely.**

We review all components of our compensation framework on an annual basis to ensure such remain relative to the current market. Generally speaking we believe in – **PAY FOR PERFORMANCE** – it's a fundamental component of our compensation program for executives and senior management. To assist shareholders in understanding our approach to compensation at the senior level, a discussion follows addressing our compensation philosophy and program, together with the underlying principles and practices associated with such. Specific information relating to compensation paid to our named executive officers can be found in the Named Executive Summary Compensation Table section of our annual Information Circular.

Our compensation programs are designed to attract and retain high-quality, experienced individuals at all levels of the organization, maintain an entrepreneurial spirit by linking incentives to performance results and align the interests of senior management and executives with those of shareholders. Generally speaking, these programs offer compensation that is competitive with companies that are of similar size and operate in similar industries. However, the primary principle for all of Mullen Group's compensation programs is based upon the philosophy of pay for performance and as such, the attainment of superior results, both from a financial perspective and a safety perspective, is the ultimate objective.



Compensation is based upon an individual's role and areas of responsibilities within our organization, individual performance, as well as the **overall profitability and safety performance** of the Business Unit and the long-term performance of Mullen Group. The compensation framework encompasses the following components:

- Competitive base salaries and benefits;
- monthly performance plan with a focus on retention of key leaders within Mullen Group; and
- annual cash incentives that focus on the financial performance of the Business Units and Mullen Group, including annual employment bonuses for all eligible Personnel.

At Mr. Murray Mullen's request, his CEO base salary has been adjusted to a nominal amount, with his compensation being derived solely from the profit share component of Mullen Group's compensation plan. Our profit share model is based on the **profitability and safety performance** of Mullen Group and our Business Units. In 2021, Mr. Mullen's total compensation was \$625,000. This is significantly below his peers. Our average employee's compensation¹ was estimated at \$96,385 per annum, approximately 1.6 times above the average earnings for all workers in Canada of \$59,038² per annum. Mr. Mullen's compensation for 2021 was approximately 6.5 times above our average employee's compensation.

4.8. ETHICAL BUSINESS CONDUCT

We are committed to quality service with a strong culture of integrity. **HONESTY, TRUST, RESPECT** and **INTEGRITY** are the most fundamental ethical values and principles upon which we operate. Our policies are meant to reinforce our workplace culture by providing a common framework and guide for establishing standards, identifying issues and addressing concerns. Values such as integrity, accountability, transparency, equal opportunity and responsibility, as well as environmental standards, are firmly established within our policies and culture.

We operate in a straightforward, transparent manner and are subject to applicable laws and regulations. Through ongoing dialogue with our stakeholders, we ensure that their expectations concerning social and environmental issues are accounted for appropriately and that our business is aligned systematically with those interests. Ethical conduct when dealing with our Personnel, business partners, investors and the public is a major contributor to our reputation and the basis for lasting success. Therefore, the focus of our compliance management system is to promote ethical business practices and to prevent corruption. Our operations are primarily domiciled in Canada as well as the United States; jurisdictions known for strong legal systems. As such, we are subject to the Corruption of Foreign Public Officials Act and the US Foreign Corrupt Practices Act, amongst other legislation.

We have four fundamental policies that are supervised by the Board, being our Code of Conduct, Integrity and Financial Concern Policy ("**Whistleblower Policy**"), External Communications and Disclosure Policy, as well as our Trading in Securities Policy. These policies apply to Mullen Group and all of our Business Units. Our policies take into consideration the nature of our decentralized operating structure and are developed so as to be appropriate to our specific circumstances. The CNG Committee, together with the Audit Committee as required, reviews the aforementioned policies annually and implements changes where necessary.

These policies and our program are designed to: i) outline responsibilities for compliance and establish appropriate compliance training; ii) detail internal controls, auditing practices and documentary policies; iii) set forth disciplinary procedures; iv) contain rigorous enforcement procedures; and v) make available a venue for whistleblowers. Any suspected violation of legal and internal rules or guidelines can be reported through our compliance channels including, our third party managed hotline and web portal, at any time. All Personnel are informed of their obligation to report improper actions. No Person who, in good faith, reports an improper action suffers harassment, retaliation or adverse employment consequences. There were no confirmed incidences of corruption or material violations of our Code of Conduct in 2021, nor were there any legal actions for anti-competitive behaviour, anti-trust or monopolistic practices.

¹ Calculated by dividing our total compensation (included within our DOE wages and benefits, labour costs embedded within repairs and maintenance expense, S&A wages and benefits, stock-based compensation and profit share) by our average number of employees.

² Statistics Canada Table: 14-10-0223-01 as at September 2021 (<https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410022301>)



4.9. POLITICAL DONATIONS

We believe that making political donations with shareholders' money is unethical, therefore, Mullen Group does not make political donations of any kind. This includes donations which support, directly or indirectly, any political party or candidate, including political action groups or other group whose activities can reasonably be regarded as likely to affect public support for a political party or candidate. Through their union dues, certain employees may make indirect political donations to certain causes and political parties. Mullen Group has no influence or control over these indirect contributions.

All our directors, officers, and employees receive a copy of our Code of Conduct. Employees who wish to make political contributions on their own behalf are expected to comply with the applicable legal requirements in the relevant jurisdiction. This includes organizing fundraisers or participating in any campaign roles. Further, in accordance with our Code of Conduct, no gift or hospitality shall be provided to any government official. Our Code of Conduct also explicitly prohibits any charitable contributions made in an attempt to influence any decision or obtain a political advantage including the prohibition from making charitable contributions to a charity owned or controlled by a public official in any jurisdiction.

4.10. TAX POLICY

In accordance with our overarching Code of Conduct, we have implemented a [Tax Policy](#) and we are committed to comply with all applicable tax laws, rules and regulations, without exception. Canadian and US tax rules are among the strictest in the world. These rules also apply in coordination with the OECD, which hinder any attempt to erode the Canadian or US tax base. We are committed to compliance. We seek to comply with the letter and the spirit of all tax laws. It is our policy to always operate in strict compliance with all relevant tax legislation. In case of uncertainty or doubt when interpreting the law, we seek independent external advice to fulfill our tax obligations. Mullen Group is subject to various legal controls pursuant to Canadian and US tax legislation. Any corporate and/or transaction structuring is to be undertaken with an economic and commercial substance, consistent with our commitment to be characterized as a "good corporate citizen". We do not engage in aggressive tax planning and artificial arrangements and tax considerations do not influence our business operations. We do not use tax havens or erode the tax base with interest payments to related parties or financial institutions located in tax havens.

We provide tax disclosures that enable all stakeholders to understand the relationship between income tax expense and accounting profit. The relationship between tax expense and accounting profit is affected by such factors as expenses that are not deductible in determining taxable profit such as the effect of foreign exchange. A full reconciliation is provided within the Notes to our Financial Statements available on our website at www.mullen-group.com and on our issuer profile on www.SEDAR.com.

To ensure that all our tax obligations are met, we:

- encourage ethical and transparent business practices including training and enforcement of our Code of Conduct
- train controllers on tax compliance
- obtain tax advice on less routine aspects of tax compliance including location-specific tax advice and obtaining written tax opinions where appropriate
- do not employ legal entities solely for purposes of tax avoidance or undertake any "aggressive" tax positions
- co-operate fully with tax authorities when they review any aspect of our operations
- engage tax experts to review our corporate tax returns
- conduct an indirect tax recovery review on a rolling four-year basis
- internal monthly reviews of all corporate tax provisions including reconciliations of the company's effective tax rate with statutory tax rates
- capturing non-deductible expenses on a monthly basis
- external quarterly reviews of all corporate tax provisions
- internal reviews of payroll processes including the use of third-party payroll providers to ensure payroll remittances and filings are made properly and on a timely basis
- cascading compliance certificates signed by Business Unit Leaders and controllers to the CFO and CFO certificate to the Board of Directors



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APPENDIX A – OTHER INFORMATION

Fighting climate change requires the cooperation of the international community as well as national and local governments. Being domiciled in Canada also gives Mullen Group an ESG advantage. Provincial and Federal employment standards, anti-corruption laws and employment equity regulations are among the most stringent in the world. Further, Mullen Group's corporate office is located in Okotoks, Alberta, Canada, a town that has been recognized as an environmental leader winning many national and provincial awards for its sustainability initiatives including the prestigious Gold Award from the International Awards for Livable Communities program endorsed by the United Nations for its solar community and a Silver Award for its best practice regarding the management of the local environment.

This includes the fact that:

- As a federally regulated industry, transportation companies in Canada are subject the Employment Equity Act that promotes the equity principles for underrepresented groups including women, Indigenous peoples, persons with disabilities and members of visible minorities. Canadian trucking companies are subject to the federal Employment Equity legislation that **requires** formalized employment equity programs and annual reporting to the Government of Canada on goals and progress. As such, the majority of Mullen Group's Business Units are required to file annual employment equity reports to the federal government and have been recognized with Employment Equity Achievement Awards. Regardless of provincial or federal status, equity principles are applied throughout the organization. Further information on the federal requirements can be found at:
<https://www.canada.ca/en/employment-social-development/corporate/portfolio/labour/programs/employment-equity.html>

Our subsidiary Gardewine Group Limited Partnership, received both an Employment Equity Achievement Award and an Employment Equity Award from the Government of Canada (ESDC). See:<https://www.canada.ca/en/employment-social-development/corporate/portfolio/labour/programs/employment-equity/reports/2018-annual.html#h2.05-h3.04> and our subsidiary, Tenold, has been awarded the "Improved Representation" Award.

- Canada has a mandatory price on carbon including the requirement to make \$0.1171 per litre contribution to the Climate Action Initiative Fund for each litre of diesel consumed in 2021. This charge is over and above the required federal excise tax and provincial fuel taxes. By comparison, Canadian truckers pay on average \$0.30 per litre in total taxes as compared to \$0.10 per litre in the US where a price on carbon is non-existent. Additional information on this initiative can be found here:
<https://www.canada.ca/en/environment-climate-change/services/climate-change/pricing-pollution-how-it-will-work/greenhouse-gas-annual-report-2019.html> Further, in Canada, as part of this carbon tax framework, carbon is currently priced at \$40.00 per tonne of CO₂ equivalent, rising to \$50.00 in 2022 and by \$15.00 per tonne annually thereafter. As a result, Mullen Group has contributed \$9.8 million to the Climate Action Incentive Fund and CleanBC Incentive Fund in 2021. These funds are used to support municipalities, universities, schools and hospitals in their fight against climate change. In total, Mullen Group has paid \$30.2 million in fuel taxes on 112.1 million litres of diesel fuel consumed by its company owned and Contractor fleets.
- We are a member of SmartWay. SmartWay is a collaboration designed to help businesses reduce their carbon footprint while transporting goods in the cleanest most efficient way possible. SmartWay works with freight carriers and shippers committed to benchmarking their operations, tracking their fuel consumption and improving their annual performance. More information on the SmartWay program can be found here:
<https://www.epa.gov/smartway> Our subsidiary, Kleysen Group Ltd., has achieved "High Performer Status" within the SmartWay program.
- Canadian and US labour standards are among the strictest in the world including the prohibition against child labour and stringent hours of service legislation which includes **mandatory** on-board geomatic devices to monitor driving behaviours and more importantly, electronic driver logs and hours of service compliance.



More information can be found here <https://tc.canada.ca/en/road-transportation/electronic-logging-devices/electronic-logging-devices-what-you-need-know> and here <https://www.fmcsa.dot.gov/hours-service/elds/electronic-logging-devices>

- Canada is a world leader in green electricity with over 80% of our electricity being generated by clean sources, mainly through hydro-electric projects owned by the Crown. As such, the majority of our electricity consumed is clean-green electricity. Canada is the second largest producer of hydroelectricity in the world. More information can be found here: <https://www.nrcan.gc.ca/our-natural-resources/energy-sources-distribution/renewable-energy/about-renewable-energy/7295>
- We are a company that practices TQM. Our “On the Road to Quality” program is nationally recognized and is a two-time recipient of the National Quality Institute’s Order of Excellence. TQM, by its very nature, is a participatory management style that results in superior customer service and best in class safety results. This is the essence of best-in-class ESG. See: <https://www.newswire.ca/news-releases/mullen-group-ltd-subsiary-receives-canada-award-for-excellence-in-quality-545484612.html>



APPENDIX B – RISKS

The Board of Directors is responsible for approving the organization's level of risk tolerance and for overseeing the management of the risks the organization faces. Risk oversight guidance is set forth in CSA National Policy 58-201 and outlined in the Mullen Group Board mandate. We define risk as: *"The possibility that an event, action or circumstance may adversely affect the organization's ability to achieve its business objectives."* As a North American logistics company, we face numerous challenges and opportunities. Our aim is to identify the resulting opportunities and risks at an early stage and take the necessary steps to ensure that we achieve a sustained increase in enterprise value without compromising our reputation or safety results. Our opportunity and risk management system facilitates this aim in line with the tenets of continuous improvement under our "On the Road to Quality" program.

The operational complexities inherent in our business, together with the highly regulated and competitive environment of the industries in which we operate, leave Mullen Group exposed to a number of risks and uncertainties (collectively the "risks"). A risk management review process has been formalized to assist in mitigating risk. The risk management review process highlights the significant risks that our business is exposed to, which then leads to mitigation plans. Although we have developed and implemented these mitigation plans to assist in managing these risks, there is no certainty these strategies will be successful in whole or in part. In addition, the inability to identify, assess and respond to known and unknown risks through the risk management review process could lead to, among other things, our inability to capture opportunities, recognize threats and inefficiencies and comply with laws and regulations, all of which may have a material adverse effect on our business or share price.

Business Units evaluate the opportunity and risk situation on a consistent basis and help to formulate our Annual Business Plan. They use scenario planning to assess best, expected and worst-case scenarios. The Business Units assess and monitor these risks, undergo job task assessments, specify procedures and enforce policy. Results are reported to the Corporate Office on a monthly basis. Further, the Corporate Office conducts an annual audit of the Business Units scoring them in ten key areas of risk, safety and human resource strategy. In addition, SmartWay registered Business Units are reviewed by that government agency and benchmarked for key sustainability targets.

The Corporate Office oversees the overall risk profile and mitigation plans and uses the following assessment scale to evaluate aggregated risks.

RISK MATRIX

LIKELIHOOD	1	2	3	4	5	
ALMOST CERTAIN (will occur once per year or more frequently)						5
LIKELY (Will occur once every three years)						4
POSSIBLE (will occur every ten years)						3
UNLIKELY (Will occur once every 25 years)						2
RARE (will occur once every 100 years)						1
IMPACT	INSIGNIFICANT	MINOR	MODERATE	MAJOR	CATASTROPHIC	
Definition	Can be absorbed into day-to-day operations	Hardly noticeable loss to operations	Noticeable loss to operations in short term	Large loss to operations or impairment of balance sheet over the medium term	Beyond Mullen's ability to manage; threatens survival of company or line of business	
EXAMPLES OF THE IMPACTS A RISK MAY HAVE						
FINANCIAL	Unplanned expense or profit < \$1.0 million	Unplanned expense or profit > \$1.0 million	Unplanned expense or profit > \$5.0 million	Unplanned expense or profit > \$10.0 million	Unplanned expense or profit > \$25.0 million	
HR	Medical aid or restricted work claim	Lost time accident of less than 10 days in length	Lost time accident greater than 10 days in length	Isolated death	Multiple deaths	
REPUTATION	Favourable or neutral	Regulator suggests improvements to company practices	Local media controversy about a business unit	Extended controversy in national media	Widespread loss of confidence by investors, customers, employees and/or regulators	



A description of principal risks and uncertainties can be found beginning on page 69 of the 2021 MD&A.

Our risks are summarized as follows:

STRATEGIC RISKS:	FINANCIAL RISKS:	OPERATIONAL RISKS:
<ul style="list-style-type: none">• geopolitical risks<ul style="list-style-type: none">• general economy• natural gas and oil drilling and oil sands development• changes in the legal framework• e-commerce and supply chain evolution• acquisitions• competition	<ul style="list-style-type: none">• foreign exchange rates• investments• interest rates• access to financing• reliance on major customers• impairment of goodwill or intangible assets• credit risk	<ul style="list-style-type: none">• employees & labour relations• cost escalation & fuel costs• potential operating risks & insurance• digital infrastructure & cyber security• business continuity, disaster recovery & crisis management• environmental liability risks• weather & seasonality• access to parts, development of new technology & relationships with key suppliers• regulation• litigation



APPENDIX C – KEY STATISTICS

The following KPIs have undergone a rigorous process of internal assurance and third-party audits as required by transportation industry regulations. Our financial data has been audited. Our safety statistics are reviewed internally and have undergone a review by independent third-party auditors every three years. Further, government authorities that oversee a carrier's safety fitness conduct logbook audits (hours of service compliance), driver/carrier safety infraction audits, maintenance facility compliance as well as roadside inspections. Further, our fuel consumption data is subject to audit by various government authorities under the federal Greenhouse Gas Pollution Pricing Act and the International Fuel Tax Agreement among Provincial and State authorities.

Indicator	2020	2021
Revenue (\$ millions)	\$1,164.3	\$1,477.4
Operating Income Before Depreciation and Amortization (OIBDA) (\$ millions)	\$217.6	\$236.4
Net Capital Expenditures (\$ millions)	\$50.4	\$47.5
# of Personnel	≈5,600	≈7,200
Turnover Percentage	29%	32%
Hours worked	11,858,079 hours	12,938,827 hours
# of Loss Time Claims	56	64
Loss Time Claim (LTC) Frequency	0.98	1.00
LTC Frequency Benchmark Goal	less than 1.0	less than 1.0
# of Total Injuries	534	648
Total Recordable Injury Frequency (TRIF)	2.99	3.03
TRIF Benchmark Goal	less than 4.0	less than 4.0
Number of Shipments	3,521,173	5,782,081
Total Number of Claims	2,938	3,422
Gross Claims to Revenue Percentage	0.80%	0.73%
Net Claims to Revenue Percentage (after subrogation)	0.64%	0.58%
Number of TDG Spills	16	19
Total Claim Free Defect Ratio	99.92%	99.94%
HSE Opportunities:		
Near Miss Incidents	867	1,052
Inspections ¹	14,235	17,225
Emergency Drills	233	284
Job Hazard Analysis	31,379	39,567
Controls Implemented	37,239	34,002
Total Opportunities	83,953	92,130
Kilometres driven ²	228,563,024	242,968,864
Number of litres of diesel ²	100,288,949	112,116,253
CO ² conversion factor (grams per litre) ³	2,664 g/l	2,664 g/l
kg of CO ² emitted	267,164,542	298,671,864
Electricity Consumption	Not available	33,507,218 kWh
kg of CO ² emitted ⁴	Not available	10,563,436
Natural Gas Consumption	Not available	544,420 GJ
kg of CO ² emitted ⁴	Not available	27,567,209

¹ Does not include pre, mid and post inspections of equipment performed daily or as required by Mullen Group policy and government authorities (as applicable). This involves conducting a thorough check of the vehicle, trailer or equipment ensuring that everything is in proper working order in order to detect and report any malfunctions, defects or other safety concerns.

² Includes kilometres travelled by Company Equipment as well as Owner Operators

³ <https://open.alberta.ca/dataset/0bd903d4-27e6-434d-9a25-1a3c45fd9904/resource/cefe22e8-d462-4404-acd2-405111dfb230/download/methodology-for-establishing-fuel-specific-carbon-levy-rates.pdf>

⁴ Converted on a provincial level using Canada's 1990-2018 National Inventory Report (NIR), issued in 2020



APPENDIX D – FORWARD LOOKING STATEMENT

This report may contain forward-looking information that is subject to risk factors associated with the overall economy and the oil and natural gas business. This information relates to future events and Mullen Group's future performance. All information and statements contained herein that are not clearly historical in nature constitute forward-looking information, and the words "may", "will", "should", "could", "expect", "plan", "intend", "anticipate", "believe", "estimate", "propose", "predict", "potential", "continue", "aim", or the negative of these terms or other comparable terminology are generally intended to identify forward-looking information. Such information represents Mullen Group's internal projections, estimates, expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. This information involves known or unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. Mullen Group believes that the expectations reflected in this forward-looking information are reasonable; however, undue reliance should not be placed on this forward-looking information, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. In particular, forward-looking information and statements include but are not limited to the following: (i) our goal to decarbonize our drive-train technologies by 2035; and (ii) we will continue to lead and transition our business to reduce our footprint on the environment. This forward-looking information and statements are based on certain assumptions and analysis made by Mullen Group in light of our experience and our perception of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances. These assumptions include but are not limited to the following: (i) Mullen Group's Business Units will require capital to support their ongoing operations and growth opportunities and that we will generate sufficient cash in excess of our financial obligations to support the capital expenditures; and (ii) Mullen Group's expectation that drive-train technologies will evolve at a pace to allow it to replace its current carbon-based technologies by 2035. For further information on any strategic, financial, operational and other outlook on Mullen Group's business please refer to Mullen Group's Management's Discussion and Analysis available for viewing on SEDAR at www.sedar.com. Additional information on risks that could affect the operations or financial results of Mullen Group may be found under the heading "Principal Risks and Uncertainties" starting on page 69 of the 2021 Annual Financial Review as well as in reports on file with applicable securities regulatory authorities and may be accessed through the SEDAR website at www.sedar.com. The forward-looking information contained in this report is expressly qualified by this cautionary statement. The forward-looking information contained herein is made as of the date of this news release and Mullen Group disclaims any intent or obligation to update publicly any such forward-looking information, whether as a result of new information, future events or results or otherwise, other than as required by applicable Canadian securities laws. Mullen Group relies on litigation protection for "forward-looking" statements.





**What is the meaning of
PROFIT without VALUES?**



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Profit without Values is WORTHLESS!