



BILL S-211 Report

Modern Slavery Statement for the Financial Year ended October 31, 2023

This statement is issued in accordance with Bill S-211, the Fighting Against Forced Labour and Child Labour in Supply Chains Act, and amendments to the Customs Tariff. It details BE Power Equipment's strategy and efforts to detect and mitigate the risks of forced labour and child labour within its business operations and supply chains for the fiscal year starting November 1, 2022, and ending October 31, 2023.

Group Structure

BE Power Equipment Inc. was established in 1991. It trades under the name BE Power Equipment Inc. with its head office at 30585A Progressive Way, Abbotsford, British Columbia, V2T 6W3. BE Power Equipment USA Inc., Barens Inc., and BE Pressure Supply MFG Co. Ltd., through common ownership, are sister companies of BE Power Equipment Inc.

BE Power Equipment USA Inc. has two manufacturing facilities (Minnesota and Tennessee) and four distribution facilities (Minnesota, Tennessee, Oregon, and Florida).

Barens Inc. has two distribution facilities (Arizona and Pennsylvania).

BE Pressure Supply MFG Co. Ltd has one manufacturing and distribution facility in Shanghai, China. They also have a Sourcing Office in Chongqing, China, that supports sourcing activities throughout China for the BE business group.

Supply Chain

BE Power Equipment does assembly in Abbotsford, British Columbia and distributes out of Abbotsford, British Columbia, London, Ontario and Shakopee, Minnesota.

BE Power Equipment Inc. purchases majority of its goods from the various countries, China, Italy, Thailand, USA and Canada.

Risks in Supply Chain

At BE Power Equipment Inc., we are committed to respecting human rights and ensuring that forced labour and child labour have no place in our supply chain. We believe in the fundamental dignity of all workers and adhere to the highest ethical standards in



all our operations. Our efforts include regular site visits and continuous engagement with our partners to promote transparency and ethical practices. By fostering a culture of responsibility and accountability, we strive to uphold the highest standards of human rights across all aspects of our business.

BE Power Equipment Inc. recognizes that operating in the manufacturing sector involves certain risks, particularly through our tier two and tier three suppliers in countries outside Canada and the United States of America. We are aware that these extended supply chains may pose challenges in ensuring compliance with our ethical standards and in monitoring practices such as forced labour and child labour. To mitigate these risks, we are committed to engaging with all levels of our supply chain. We want to maintain transparent communication with our suppliers and implement stringent due diligence processes to ensure that our high standards for human rights are upheld at every stage of production.

Risk Management Process

At BE Power Equipment Inc., we acknowledge the importance of addressing the risks of child labour and forced labour within our supply chain, even though we currently do not have a formalized risk management process specifically for these issues. Recognizing this gap, we are committed to developing and implementing comprehensive strategies to identify, assess, and mitigate these risks.

In the interim, we rely on several key practices to manage potential risks:

Supplier Selection

- We carefully select our suppliers based on their reputation and commitment to ethical practices.

Site Visits

- Our ownership conducts periodic site visits to key partner facilities to observe working conditions firsthand.

Transparency and Communication

- We maintain open lines of communication with our suppliers to encourage transparency and ethical labour practices.

Risk Concentrations and Assessments

Geographical Risk

- Suppliers are located in countries with weaker labour laws and enforcement.



- Tier two and tier three suppliers in regions outside Canada and the United States.

Sector Risk

- Manufacturing sector, which often involves complex supply chains with multiple layers of subcontracting.
- Industries known for higher incidences of labour violations, such as electronics and machinery production.

Supplier Risk

- Lack of direct oversight over tier two and tier three suppliers.
- Limited visibility into the practices of lower-tier suppliers.

Operational Risk

- Reliance on long-term partnerships without regular audits.
- Inadequate due diligence processes for new and existing suppliers.

Product Risk

- Products sourced from regions with a known history of child labour and forced labour.

While we currently do not have a formal risk assessment process specifically for child labour and forced labour, BE Power Equipment Inc. recognizes the importance of addressing these issues. We are committed to developing and implementing strategies to identify, assess, and mitigate these risks in our supply chain.

Remediation

In the absence of formal policies, BE Power Equipment Inc. is committed to taking immediate and effective actions to address and remediate any instances of child labour or forced labour discovered within our supply chain. The following steps outline our intended course of action:

Immediate Investigation

- Promptly investigate any reports or suspicions of child labour or forced labour within our supply chain. This includes on-site inspections and interviews with workers and management.



Supplier Engagement

- Engage directly with the implicated supplier to discuss the findings and understand the root causes.
- Develop Corrective Action Plans: Collaborate with the supplier to develop and implement a corrective action plan, detailing specific steps to eliminate child labour or forced labour practices.

Continuous Monitoring

- Establish ongoing monitoring mechanisms to ensure the supplier adheres to the corrective action plan.
- Conduct regular follow-up audits to verify compliance and assess the effectiveness of remediation measures.

Termination of Non-Compliant Suppliers

- If a supplier fails to comply with the corrective action plan or continues to engage in unethical labour practices, BE Power Equipment Inc. will terminate the business relationship and seek alternative, compliant suppliers.

While we acknowledge the absence of formal policies at this time, BE Power Equipment Inc. is dedicated to upholding the highest standards of human rights and ethical labour practices. Our proactive and responsive approach aims to ensure that child labour and forced labour are not part of our supply chain.

Supply Chain Training

While BE Power Equipment Inc. does not currently have plans to build a formal training program, there are still several proactive steps we can take to address and mitigate the risks of child labour and forced labour within our supply chain. These actions include leveraging existing resources, collaborating with external experts, and implementing immediate practical measures.

Leverage Existing Resources

- Make use of freely available training resources and materials from reputable organizations such as the International Labour Organization (ILO), United Nations Global Compact, and non-governmental organizations (NGOs) specializing in labour rights.
- Encourage key employees and suppliers to participate in online courses and webinars focused on ethical labour practices and supply chain due diligence.



Regular Communication

- Maintain regular communication with suppliers to reinforce our commitment to ethical labour practices.
- Share updates and best practices related to labour standards and compliance.

Supplier Self-Assessments

- Request suppliers to complete self-assessment questionnaires regarding their labour practices and policies.
- Use these assessments to identify potential risks and areas for improvement.

Increase Transparency

- Enhance transparency by publicly reporting our efforts and progress in addressing labour risks within our supply chain.
- Encourage suppliers to increase transparency in their own operations and supply chains by sharing information and best practices.

Encourage Voluntary Participation

- While a formal training program is not in place, encourage voluntary participation in relevant training sessions and workshops offered by external organizations.

By taking these steps, we believe BE Power Equipment Inc. will strongly reinforce its commitment to ethical labour practices and work towards reinforcing the absence of child labour and forced labour from its supply chain.

On behalf of BE Power Equipment Inc., this report is made in pursuant to Bill S-211, the Fighting Against Forced Labour and Child Labour in Supply Chains Act. It has been approved by BE Power Equipment Executive Officers.

Cameron Martyn

Cameron Martyn
Chief Operating Officer
May 24, 2024