

Black Cat Wear Parts Ltd.

**2023 Report under the *Fighting Against
Forced Labour and Child Labour in Supply
Chains Act***

Introduction

This report has been prepared by Black Cat Wear Parts Ltd. in response to the requirements under Canada's Fighting Against Forced Labour and Child Labour in Supply Chains Act ("the Act") for our financial year ending August 31, 2023 (the "Reporting Period").

Applicability of the Act is based on Black Cat Wear Parts having a business presence (i.e., place of business, business activities, and assets) in Canada as well as meeting the financial thresholds related to assets and revenue as set out by the Act. Black Cat Wear Parts is not subject to reporting requirements under supply chain legislation in jurisdictions outside of Canada, and this report is therefore structured to meet the requirements of the Act.

Black Cat Wear Parts recognizes that the manufacturing industry plays an important role in preventing and assessing the risk of forced labour and child labour in Canada's supply chain. We acknowledge the risks of forced labour and child labour in the manufacturing sector and are committed to continuous improvement in our due diligence, risk assessment, remediation and training processes.

Black Cat Wear Parts places tremendous value on our relationships with key suppliers. We believe it is our responsibility to further develop positive and sustainable relationships with our key suppliers including ongoing feedback and review.

Black Cat Wear Parts is committed to respecting, protecting and promoting the human rights of people impacted by our operations and supply chain.

Organizational structure, activities, and supply chain

Structure

Black Cat Wear Parts is a manufacturer and distributor of ground engaging tools for the construction, mining, and road maintenance markets, operating in Canada. Black Cat Wear Parts is a private corporation that employs approximately 310 Canadian employees. Black Cat Wear Parts' head office is located in Edmonton, Alberta, Canada.

Activities and Supply Chains

The Act requires Black Cat Wear Parts to report on our activities in relation to the production, sale, distribution of goods, both in and outside of Canada, and the importation of goods into Canada.

Black Cat Wear Parts manufactures and distributes ground engagement tools (GET) to the construction, mining and road maintenance industries. The two primary product groups for the GET market are "cutting edges" (products which would include cutting edges, blades and other parts manufactured from hot rolled bar and plate steel) and "wear parts" which include bucket teeth, adapters, and other specialty cast steel products produced in a foundry operation. These parts are used in the manufacturing of earth moving machinery such as bulldozers, loaders, excavators, motor scrapers, motor graders and snowplows.

In total, Black Cat Wear Parts has six key third-party suppliers related to our manufactured and warehoused product lines located outside Canada on our critical supplier list. Five are located in China and one is located in South Korea.

Of all products shipped by Black Cat Wear Parts annually, over 80% are manufactured by Black Cat Wear Parts or an affiliate location with less than 20% purchased and resold through third-party vendors.

Cutting Edges

Our cutting edges are produced by four manufacturing facilities. Our plant in Selkirk, Manitoba is located adjacent to the Gerdau MRM steel mill which provides all the raw material for cutting edges produced in Selkirk. Our Edmonton, Alberta manufacturing facility produces cutting edges with raw material from the same steel mill in Selkirk, as well as plate steel supplied by the Evraz steel mill in Regina, Saskatchewan.

The third manufacturing facility is US-based and owned through an affiliate company, Black Cat Blades LLC. This facility is located in De Witt, Iowa and receives the majority of its raw steel from the same Selkirk, Manitoba steel mill with a small quantity supplied by a Gerdau steel mill nearby in the US.

The fourth manufacturing facility is based in Suzhou, China and owned through an affiliate company, Black Cat Equipment (Suzhou) Ltd. This facility is located next door to Bao Jin steel mill, its sole supplier of raw steel.

The cutting edges produced in our North American facilities are made to order, with no finished goods maintained at any location. Product manufactured at these locations are shipped to our customers in North America. In addition, some cutting edges manufactured in China will be imported into Canada and the US, shipped directly to customers, and also stocked at our North American warehouse facilities.

Wear Parts

The wear parts segment of our business is serviced through our warehouse in Edmonton, Alberta located across the street from our Edmonton manufacturing facility. This warehouse imports and stocks cast wear parts from both our third-party foundry vendors in China, as well as our Chinese affiliate foundry. This warehouse also imports and stocks some quantities of the cutting edges manufactured by our affiliate in China and services our customers in North America.

Steps to prevent and reduce the risks of forced labour and child labour

In the Reporting Period, Black Cat Wear Parts did not take any specific steps to prevent and reduce the risks of forced labour or child labour in our operations and supply chain.

Policies and due diligence processes

Overview

Black Cat Wear Parts has not yet developed or implemented policies or due diligence processes specific to identifying, addressing and prohibiting the use of forced labour and child labour in our activities and supply chain.

Governance

Working through close contact with the Executive Team, the Vice President, Supply Chain is responsible for supply chain due diligence and managing modern slavery risks within the supply chain. An employee within the Supply Chain group, our Product Development Coordinator, is our main contact with all third-party suppliers located in China and South Korea from who we import all our cast wear parts. The Product Development Coordinator is in constant contact with these suppliers and would regularly visit their locations and be aware of their operations. Black Cat Wear Parts also has several employees who regularly visit these suppliers, including the Vice President, Supply Chain.

Policies

Black Cat Wear Parts has not yet adopted or implemented policies that specifically address the prevention and mitigation of forced labour and child labour.

Due diligence processes

Black Cat Wear Parts has not yet approved or implemented risk assessment and due diligence processes to evaluate, prevent and mitigate human rights risks in our operations and with our suppliers.

Our supplier review process is an annual formal review that complements our ongoing feedback with our key suppliers. The formal review goal is to have ongoing, reciprocal communication with our partners and allow for meaningful conversations where we can discuss what is working well and where there may be opportunities for us to enhance our relationship. Areas of review include: on time delivery, products and services meeting expectations, competitive pricing, supplier communication, adding value to Black Cat Wear Parts systems as well as priority action items for the coming year.

Although we have not yet approved or implemented risk assessment and due diligence processes to evaluate, prevent and mitigate human rights risks, we feel our current formal supplier review process could provide structure and facility to do so.

Our list of third-party suppliers is rather small given our volume of business and we have conducted business with them for several years and choose to single source any given product whenever possible.

Forced labour and child labour risk

In the Reporting Period, Black Cat Wear Parts did not identify any risks of forced labour or child labour in its activities or supply chains. Black Cat Wear Parts acknowledges that the nature of manufacturing activities can create potential human rights risks.

Remediation measures and remediation of loss of income

In the Reporting Period, Black Cat Wear Parts did not receive any complaints relating to forced labour or child labour in our operations or supply chain, and as such has not taken any remediation measures.

Employee training

In the Reporting Period, Black Cat Wear Parts did not conduct any employee training specific to the prevention and reduction of the risk of forced and/or child labour.

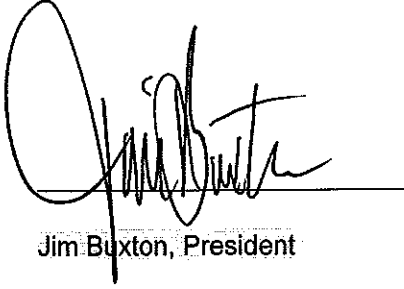
Assessing effectiveness

In the Reporting Period, Black Cat Wear Parts did not have specific measures in place to assess the effectiveness of its efforts to reduce the risks of forced or child labour in its business and supply chain.

Approval and attestation

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Dated in the City of Edmonton, Alberta, this 28 day of May, 2024.

A handwritten signature in black ink, appearing to read "Jim Buxton", is written over a horizontal line. The signature is stylized and cursive.

Jim Buxton, President

I have the authority to bind Black Cat Wear Parts Ltd.