



EMPLOYEE OWNED. CUSTOMER DRIVEN

## Canada's Fight Against Forced Labor and Child Labor in Supply Chains Act (S-211)

### Douglas Machine Inc.'s Report

May 2024

Pursuant to Public Safety Canada, the below is Douglas Machine Inc.'s (DMI) report in response to the requirements of Canada's Fight Against Forced Labor and Child Labor in Supply Chains Act (Bill S-211).

#### Identifying Information

1. This report is for an Entity.
2. Legal name: Douglas Machine Inc.
3. Financial reporting year: 2023
4. This is not a revised version of the report
5. U.S. federal tax ID: 41-1769038
6. This is not a joint report
7. Not subject to reporting requirements under supply chain legislation in another jurisdiction
8. The following categorization applies:
  - a. Does business in Canada
  - b. Has at least \$20 million in assets
  - c. Has generated at least \$40 million in revenue for at least one of the two most recent financial years
  - d. Employs an average of at least 250 employees for at least one of the two most recent financial years
9. Operates in the manufacturing sector
10. Headquartered in Alexandria, Minnesota, United States of America

#### Annual Report for an Entity

What steps has the entity taken in the previous financial year to prevent and reduce the risk that forced labor or child labor is used at any step of the production of goods in Canada or elsewhere by the entity or of goods imported into Canada by the entity?

Answer: all employment positions are applied for voluntarily, which, if selected, is followed by a voluntary interview. If the applicant is the finalist selected for the position, an offer is extended. The candidate has a voluntary decision to accept or decline the offer. If they choose to accept the offer, they sign and return the offer document indicating their acceptance. The offer document notifies the applicant that their employment is at will, and that they have the right to quit at any time for any reason or no reason.

DMI is also compliant with the state of Minnesota's employment laws. One in particular is the stringent review and acceptance into the Minnesota Youth Skills Training program. This program allows DMI to hire 16- and 17-year-olds to work in a manufacturing environment, but under strict requirements.

Lastly, DMI's company handbook clearly delineates the process for reporting any malevolence within the company by coworkers and/or leadership (Exhibit A).

What attributes describe entity's activities:

- a. Producing goods outside of Canada
- b. Selling goods both inside and outside of Canada
- c. Importing into Canada goods produced outside of Canada

Additional information on structure, activities and supply chains:

DMI predominantly sources components and raw materials from distributors. Because of this, we are far removed from the source of supply and manufacturing processes of the goods at their source.

Policies and due diligence processes are in place related to forced labor and/or child labor.

DMI's mission is, "to enrich lives by providing differentiated packaging automation and services." This is followed by DMI's values, "the core of our values is an abiding respect for Biblically-based business principles. To us this means conducting business in a manner that is legal, ethical, moral and healthy to the faith-based spiritual life of every employee owner, customer, supplier and competitor." Under the values are the following Biblically based business principles:

- Unwavering Integrity
- Servant's Heart
- Ownership Spirit
- Continuous Innovation & Improvement

It is under the company's mission, values and corresponding behaviors there is an assurance relevant due diligence and processes are in place. In particular, within Unwavering Integrity the pertinent behaviors are:

- We do what is right.
- We treat others the way we wish to be treated.
- We do not compromise the safety or well-being of others or ourselves.

If an instance of forced labor or child labor became known, DMI would be highly engaged to immediately resolve and remediate.

Measures to remediate any forced labor or child labor in activities and supply chains.

DMI has not started the process of identifying forced labor or child labor risks within its supply chain. However, DMI makes it distinctly clear such practices of forced labor and child labor will not be tolerated. This is evidenced by company standard 00418, Human Trafficking and Slavery Statement:

*Douglas Machine Inc. is committed to acting in a responsible manner as stated in the preamble of the company values:*

*The core of our values is an abiding respect for Biblically-based business principles. To us this means conducting business in a manner that is legal, ethical, moral and healthy to the faith-based spiritual life of every employee owner, customer, supplier and competitor.*



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*These values include adhering to supply chain laws and regulations regarding human trafficking and slavery, such as the California Transparency in Supply Chains Act of 2010. OEM's and suppliers of OEM's, however, may be far removed from the source of supply. Because Douglas Machine Inc., an OEM, purchases thousands of items that are manufactured by hundreds of domestic and international companies, primarily through a network of distributors, it is not possible to trace human trafficking and slavery back to their source with 100% certainty.*

Additional information on the parts of activities and supply chains that carry a risk of forced labor or child labor being used, as well as the steps taken to assess and manage that risk

Forced labor or child labor has not been observed or reported in any of DMI's owned and operated locations. Furthermore, DMI uses contract labor and was assured migrant labor is required to submit an I-9 form before employment. Because of this, DMI has not identified any loss of income to vulnerable families resulting from measures taken to eliminate the use of forced labor or child labor in activities and supply chains.

In addition, DMI has grievance mechanisms in place should violations occur. As outlined in the company employee handbook (see Exhibit A), employees are encouraged to raise concerns to their supervisor or directly to the human resources department.

The human resource team and hiring managers are trained on what can and cannot be said during interviews. The training is for all aspects of the hiring process, which includes current state and national labor laws.

DMI has policies and procedures in place to assess effectiveness in ensuring that forced labor and child labor are not used in its activities. Policies and procedures to assess effectiveness of the supply chain are not formally in place; however, the company procurement team is in constant communication with suppliers. Part of the ongoing communication with suppliers includes conducting business with a very high degree of business ethics.

DMI values the dignity of all human life, which aligns with our abiding respect for Biblically-based business principles. To this end, we will remain focused on this very important human tragedy and do our part to stop forced labor and child labor.



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**Attestation**

**Canada's Fighting Against Forced Labor and Child Labor in Supply Chains Act (S-211)**

**Douglas Machine Inc.'s Report**

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 Douglas Machine Inc. 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 2023.

I have the authority to bind Douglas Machine Inc.

Hereby signed,



Joe Salo  
President



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## Exhibit A

Excerpt from Douglas Machine Inc.'s employee handbook explaining employee reporting process.

You are responsible for, and have an obligation to, report harassing or inappropriate behavior, whether it is directed at you or is something you saw or heard that was directed at someone else. Any manager or supervisor who learns of or observes harassing or inappropriate behavior, or receives a complaint about this kind of behavior, must immediately report the behavior or complaint to the Human Resources Department.

If you experience harassment in the workplace, whether by employees or non-employees, take the following steps:

- Take immediate action rather than ignoring the problem and waiting for it to go away.
- Tell the offending person, if you feel comfortable doing so, that his or her actions or comments are unwelcome, that the behavior is offensive, and it must stop immediately.
- Report the incident as soon as possible to a supervisor or the Human Resources Department; and
- Douglas Machine Inc. 20 Douglas Machine Handbook Rev December 2023
- Remember that we will not tolerate any retaliation against you for reporting concerns about harassing behavior or conduct.

If you witness harassment, take the following steps:

- Take the incident(s) seriously.
- Refuse to condone or participate in the behavior.
- Encourage the victim to speak with his or her supervisor or the Human Resources Department; and
- Express suspicions or concerns to the appropriate supervisor, or the Human Resources Department so that we can be alerted to any possibly harassing situations.

If you engage in harassing behavior or have been accused of engaging in harassing or inappropriate behavior, take the following steps:

- Stop the behavior immediately.
- Listen to the person complaining about the behavior; and
- Learn from the experience and do not repeat it.



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