

BILL S-211, AN ACT TO ENACT THE FIGHTING AGAINST FORCED LABOUR AND CHILD LABOUR IN SUPPLY CHAINS ACT AND TO AMEND THE CUSTOMS TARIFF

DYNATOOL INDUSTRIES INC.



1-INTRODUCTION

This Report is published pursuant to the Canadian “Fighting Against Forced Labour and Child Labour in Supply Chains Act” and sets out the steps that Dynatool Industries Inc. (“Dynatool” or “Company”) has taken to fight forced and child labour in our business and supply chains. The Report refers to the 2023 fiscal year end and covers activities from July 1, 2022 to June 30, 2023. As a federally incorporated business, we are required to include our statement with our financial statements on May 31st 2024.

Dynatool is committed to upholding the rights and well-being of children and ensuring compliance with all applicable laws and regulations regarding child labor. This policy outlines our commitment to prohibiting child labor in our operations and supply chain.

We recognize our responsibility to respect and protect the human rights of all people who are part of or interact with our business. We are committed to acting ethically and with integrity and transparency as we continuously strive to put systems and processes in place to safeguard against any form of forced or child labour in our supply chain. We expect our business partners and suppliers and their contractors to uphold these same principles within their operations.

This policy applies to all employees, contractors, suppliers, and partners of Dynatool who are involved in the production, manufacturing, distribution, and procurement of our products and services.

2. STRUCTURE, ACTIVITIES AND SUPPLY CHAIN

STRUCTURE

Dynatool is a corporation organized under the laws of Quebec with its head office address at 3540 Saint-Patrick St., Montreal, Quebec H4E 1A2.

ACTIVITIES

Dynatool has developed an expertise in producing Rheocastings and die castings, offering heat treatment, machining and surface treatments, managing complex mechanical assemblies, components and complete systems. The company offers complete support and involvement, from the conceptual stage including prototyping, to finished product or complete assembly for end use applications. We have the capability to become a one stop shop for all mechanical component needs.

Strategically located with engineering and manufacturing locations in Canada and key partnerships in Asia, this allows the company to provide local inventory management closer to our customers’ manufacturing base.

A cross functional team approach provides us with the experience and know how to support customers' product development teams to design cost-effective components that meets performance requirements.

ENGINEERING

Dynatool uses state of the art software to evaluate and test designs from 3D CAD to 3D printing. We also have the tools required to complete finite element analysis and casting simulation and confirm that the design is robust and respects the specifications. We love challenges to redesign an existing component and provide the customer with a better, integrated cost-effective solution.

MANUFACTURING

Dynatool is strategically located with engineering and manufacturing locations in Canada and relationships with key manufacturing partners in Asia. We have the best of both worlds when it comes to competitive sourcing and localizing production. We have implemented the Rheocasting technology in our Canadian facility to provide high integrity structural castings and high-performance heat sinks to our customers. We currently provide finished goods directly to our customers in North America, China, Taiwan, Thailand.

Dynatool is an ISO9001-2015 certified manufacturer. We develop products to meet your requirements that function better and are less expensive to manufacture.

We are engineers with vision and have expertise in Pro-E designing and SolidWorks, Rheocasting die-casting, machining, testing, and assembly. From Concept to Production Dynatool is your product development partner.

SUPPLY CHAIN OVERVIEW AND PARTS THAT CARRY A RISK OF FORCED LABOUR AND CHILD LABOUR

Dynatool performs manufacturing and assembly operations in its facility in Canada. Management is based in this location and ensures that hiring practices are adhered to. This includes ensuring that all employees are hired on a voluntary basis and are free to leave their employment at their own discretion. Additionally, no persons are hired who are not of legal age and all must have a valid SIN issued by the government of Canada.

The company has used agency labour in the past year at its Canadian facility, but ensured that all persons employed through the agencies meet the same standards as employees hired directly by the company. Use of agency labour is temporary and only used to meet peak demands.

Dynatool subcontracts some manufacturing to a limited number of key suppliers located in Asia. The company has long-standing relationships with these suppliers and has never witnessed or been made aware of any instances of either child or forced labour practices in their facilities.

The company also purchases parts and supplies from other suppliers located in Canada, the USA and Europe, all of which present a low risk of forced or child labour activities.

3. COMPANY POLICIES AND PROCESSES IN RELATION TO FORCED AND CHILD LABOUR.

HUMAN RESOURCE POLICIES

The company only hires persons of legal working age and legally able to work at its facility in Canada. All employees voluntarily join the company and can leave of their own will. All employees hired to work at the company's facility in Canada are required to have a valid Canadian SIN before they are hired. Canadian law prohibits forced labour. The company adheres to all labour laws in Canada.

ON-SITE SUPPLIER VISITS

Management visits key supplier locations at least once per year. Visits to supplier premises always include tours of the facilities to review supplier operations and employment conditions. No evidence of child labour or forced labour has ever been witnessed at key supplier locations visited in the past.

As per above, site visits at key suppliers occur annually by members of the company's management team.

- a)** The company has had long standing relationships with key overseas suppliers. These suppliers were selected because of their technical knowhow and their ability to meet high quality standards and specifications and lead times. Parts supplied require a certain level of skill and technical ability to produce, which mitigates the risk of forced or child labour.

- b)** Suppliers are direct manufacturers of Dynatool, meaning they do not subcontract to third parties. This provides Dynatool with a certain level of control over the suppliers' labour practices because of the long-term nature of the relationships and limits exposure to a third-party subcontractor's labour practices.

4. REMEDIATION

To date, there have been no identified or reported instances of child labour or forced labour and any related loss of income resulting from our measures taken to eliminate the use of forced labour in our supply chain. As a result, we did not have to put in place remediation actions.

5. TRAINING PROVIDED TO EMPLOYEES ON FORCED LABOUR AND CHILD LABOUR

During the reporting period, we did not provide formal employee training with regards to forced labour and child labour issues. We recognize that potential risk of forced labour and child labour may reside in our supply chain and we are committed to ensuring that we engage with supplier that have high ethical standards and that do not engage in such practices. As a result, we will provide such training to employees on this key topic in the near future.

6. EFFECTIVENESS ASSESSMENTS TO ENSURE FORCED AND CHILD LABOUR ARE NOT BEING USED IN OUR OPERATIONS AND SUPPLY CHAIN.

Dynatool is committed to conducting its business operations ethically, responsibly, and in compliance with all relevant laws and regulations. We recognize the importance of protecting the rights and well-being of children and will take proactive measures to prevent and address child labor in our operations and supply chain.

Throughout our various interactions, we have never encountered issues suggesting the existence of child or forced labour. As a result, there have been no occurrences requiring taking any measures to remediate any forced labour or child labour. As such, we have not taken any measures to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in supply chain related activities.

Due to insufficient and/or our lack of formal practices and timeliness, we acknowledge that we have not been fully effective during the reference period in ensuring that forced labour and child labour are not being used in our supply chains as per the S-211 guidelines. We are however committed to formalize our practices and will implement initiatives in the near future.

7 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 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.

Jean Claude Tawil

Jean-Claude Tawil

Vice-President and General Manager

I have the authority to bind Dynatool Industries Inc.

May 31, 2024