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May 23, 2024

## **Annual Report on Child Labor and Forced Labor for the Fiscal Year Ended July 31, 2023**

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### **Introduction**

In alignment with Canada's national commitment to eradicate forced and child labor from its supply chains, Endries Acquisition Holdings, Inc. and its subsidiaries (collectively known as "Endries International") are dedicated to international efforts that promote ethical and responsible business practices. This first annual report outlines Endries International's alignment with international human rights best practices, both within its own operations and across its supplier networks.

Endries International is resolute in maintaining ethical labor standards, treating every individual with respect and dignity. We conduct all business transactions legally and ethically, managing our supply chain sustainably. Our employees, critical to the integrity of our operations, adhere strictly to all applicable laws and regulations.

We believe it is our duty to promote ethical conduct. If unethical labor practices, including forced labor or child exploitation, are detected within our company, we will intervene immediately to address and rectify the issue.

### **Structure, Activities, and Supply Chains**

Founded in 1970 by Bob and Patricia Endries in Brillion, Wisconsin, Endries International provides innovative OEM fastener solutions and related production components to a global customer base. Adhering strictly to international laws, the company emphasizes human rights and employment equity. Its organizational structure includes key departments such as procurement, logistics, quality control, and sales, each committed to maintaining supply chain integrity.

Endries International's operations include the distribution of high-quality fasteners and components, supply chain management with advanced systems, and growth through strategic acquisitions. The company is dedicated to excellent customer service and continuous innovation, using technology to improve inventory management and supply methods to meet changing customer demands.

Endries operates through several divisions and through various fulfillment solutions (single-bin, multi-bin, PULSE RFID, Kitting and Sub-assemblies, Industrial Vending, and dock-to-dock shipments), providing a high level of technical support and maintaining stringent product standards. Our global supply chain sources from North America, Europe, and Asia, with multiple distribution centers across these regions ensuring timely delivery and local support.

Our advanced inventory management systems, rigorous quality control measures, and ISO certifications ensure product reliability and customer satisfaction. Coordinated logistics and transportation streamline delivery times and reduce costs, maintaining an effective and reliable supply chain.

Despite the robustness of its global supply chain, Endries International remains vigilant of the risks of human rights violations, especially with suppliers in Taiwan and other Asia-Pacific regions. We address these challenges through transparency and collaboration with our suppliers to identify and mitigate these risks.

#### **Policies and Due Diligence Processes**

We have embedded responsible business conduct throughout our management system, ensuring compliance with labor and human rights, conflict of interest prevention, and protections for health, safety, and privacy. Endries commits to adhering to labor laws in all operational territories, promoting voluntary employment, fair wages, reasonable working hours, appropriate leave, and the prohibition of child labor. We are dedicated to creating a professional environment free from discrimination and harassment and actively combat modern slavery and human trafficking in our operations and supply chains.

Endries International has established a comprehensive Supplier Code of Conduct to mitigate the risks of forced and child labor. The code requires suppliers to comply with all relevant laws and international norms, forbidding child and forced labor, and encouraging suppliers to conduct risk assessments, including supply chain mapping for conflict minerals. Suppliers are expected to provide safe, healthy work environments, adhere to legal working age requirements, and ensure voluntary employment. Endries enforces these standards through regular monitoring of direct suppliers and requires all suppliers to maintain accurate records and undertake corrective actions for non-compliance.

Our commitment to continuous improvement and adaptation to evolving industry standards is unwavering. To combat modern slavery in our supply chains, we have implemented due diligence processes with active monitoring and a reporting mechanism that ensures timely and effective responses to non-compliance, while maintaining confidentiality to protect employees from retaliation.

All associated individuals and businesses must comply with our internal or supplier codes of conduct, which include provisions for human rights protection. Employees are expected to understand these codes and adhere to relevant policies and laws. They are also required to report any potential or actual violations, especially those related to labor rights and modern slavery.

While we are still developing a formal process for identifying forced and child labor risks, we are crafting a targeted action plan. By working closely with our suppliers and enforcing our Supplier Code of Conduct, we strive to uphold the highest ethical and responsible business standards. Endries encourages industry engagement and continuous improvement of practices to safeguard human rights within the supply chain.

### **Risks and Supply Chain Management**

Endries International acknowledges that each industry sector presents unique risks. In the importation and distribution of fasteners and related components, labor standards can vary significantly, particularly in countries with less stringent regulations or in border areas prone to human rights violations.

Our due diligence processes help us identify risks specific to countries and sectors, and direct collaboration with our suppliers enhances our supply chain visibility. However, because modern slavery can be concealed, we continuously monitor to detect any unethical behavior that might persist beneath the surface.

Aligned with our Supplier Code of Conduct, we require suppliers to maintain high standards, conduct risk assessments, and implement responsible procurement policies. We ensure compliance with these standards through regular monitoring of direct suppliers. For second-tier suppliers and beyond, the company meticulously tracks the country of origin of all products.

### **Remediation measures**

To date, we have not conducted a comprehensive risk assessment of forced labor or child labor within our activities and supply chains. No specific cases have been identified, and as a result, we have not yet developed specific remediation strategies to mitigate the economic impact on affected families. However, we maintain a state of readiness and are prepared to act swiftly should any issues arise.

### **Remediation of loss of income**

As no comprehensive risk analysis of forced labor or child labor has been conducted within our activities and supply chains, and no cases have been detected, specific actions to compensate for income losses of vulnerable families have not been necessary. Nonetheless, we are committed to addressing any issues promptly should they arise.

### **Training**


As we enhance our analysis of issues related to forced labor and child exploitation, we are also developing training programs to raise awareness and increase the knowledge of our employees and business partners. These programs will address the risks associated with forced labor and child exploitation, as well as the policies and procedures we have implemented to combat them. We plan to launch these initiatives during the 2024-2025 fiscal year, further solidifying our commitment to ethical and responsible business practices.

### **Assessing Effectiveness**

We are dedicated to regularly evaluating our internal policies and procedures regarding forced labor and child exploitation to ensure compliance with national and industry standards. Additionally, we plan to enhance our collaboration with business partners and suppliers to promote the adoption of best practices and facilitate the sharing of information on the effectiveness of measures taken to combat these issues..

### **Report Approval**

This report has been approved by the Endries Board of Directors, affirming its alignment with our values and legal requirements. We remain committed to maintaining transparency and integrity in all our activities.



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Michael Knight, President & CEO