

Fighting Against Forced Labour and Child Labour in Supply Chains

2023 Annual Report

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Introduction

At Essex Weld Solutions Ltd., we offer a wide range of custom fabrication and automotive packaging design services to meet the unique needs of our customers. From laser cutting and welding, to tube and flat laser capabilities, our services are designed to provide innovative, reliable and cost-effective solutions. We conduct business across Canada, the United States of America and Mexico. Essex Weld Solutions Ltd. plays a role in promoting human rights and responsible business practices. We recognize that risks of forced labour and child labour exist and acknowledge that understanding and managing these risks requires a collaborative approach with our suppliers, team members and other external stakeholders.

This report has been prepared pursuant to the Canadian Fighting Against Forced Labour and Child Labour Act (the Act) and sets out measures taken by Essex Weld Solutions Ltd. and its entities mentioned in the table below during the fiscal year ended July 31, 2023 to prevent and reduce the risk of forced labour or child labour in its operations and supply chain. When used in this report the terms “forced labour” and “child labour” have the meanings as ascribed in the Act.

This report covers the structure, operations and supply chain of Essex Weld Solutions Ltd. activities for the fiscal year ending July 31, 2023.

Structure

Our Activities and Structure

Founded in Ontario in 2007, Essex Weld Solutions Ltd. is a leader in custom fabrication and automotive packaging design located in Southern Ontario.

Our Supply Chain

In its supply chain Essex Weld Solutions Ltd. fabricates and sells products produced in its locations in Southern Ontario. Essex Weld Solutions Ltd. sources products and maintains a business relationship with a number of international, national and regional suppliers. North America and Canada in particular, is the most frequent region for the location from which our materials are sourced.

Map



Policies, processes and due diligence

Essex Weld Solutions Ltd. is committed to respecting and promoting the highest standards of ethics and integrity in all its dealings with employees, customers, suppliers and the communities in which we live and work.

Our approach to Human Rights is supported by our Employee Code of Conduct, our Supplier Code of Conduct and our Human Rights Policy. This is also supported by our Company Core Values and Company Culture.

It is possible for any person to report any breach of the above-mentioned policies or codes on a confidential basis in accordance to the procedures set out below.

Internal Reporting – All concerns shall be brought to anyone of the following; Senior Management Team member, Direct Supervisor or manager or a Member of the Human Resource department. Concerns can be delivered through discussions, emails, phone messages, Teams Messages or Edata.

External Reporting – All concerns shall be brought to either the Executive Management team or the Human Resource Manager. Concerns can be delivered through emails, phone messages, the Company Website or standard mail.

Any concern brought forth will be investigated thoroughly and it will be determined if a third party will be required to solve the concern presented.

Essex Weld Solutions Ltd. also believes in a proactive approach by providing training and information so employees and suppliers are able to make better educated decisions.

Governance

Essex Weld Solutions Ltd. corporate responsibility governance, including the principles designed to fight against child and forced labour, is integrated into its management structure, led by the senior management team. It relies on specific individuals throughout the decision-making and implementation processes, all under the oversight of the Executive Management team.

The corporate governance process at Essex Weld Solutions Ltd. is characterized by the following processes:

- The Essex Weld Solutions Ltd. Executive Management Team oversees the Company's activities and disclosure related to corporate responsibility, including environmental, social and of governance (ESG) matters through the Executive Management Team Meetings. The Executive Management team approves corporate responsibility plans and reports. The Executive Management Team has approved this report.
- The Executive Management Team, made up of the Company's most senior executives, approves the corporate responsibility strategy and ensures priorities are aligned with the Corporation's business strategy and that objectives are met.
- The Senior Management Team, reporting directly to the Executive management team is responsible for the programs in the corporate responsibility plan, the teams assigned to the

initiatives ensure continuous progress by working toward established and measured goals and targets.

Essex Weld Solutions Ltd. has implemented a hiring policy that provides direction and guidance for all aspects of the recruitment and selection process. This process provides a solid foundation that meets all Employment Standards Act provisions, Fighting Against Forced Labour and Child Labour Act, Ontario Human Rights and Canadian Human Rights amongst others.

Employee Code of Conduct

The health and well-being of our employees is essential in ensuring Essex Weld Solutions Ltd.'s organizational effectiveness. Essex Weld Solutions Ltd. focuses on occupational health and safety, respectful labour relations, consistent and thorough talent management and an equitable, diversified and inclusive work environment.

Essex Weld Solutions Ltd. provides a framework for the conduct of its employees and executives. The Employee Code of Conduct, Company Culture and Core Values, together provide a framework which clarifies the behaviors that must be adopted into our corporate environment.

- a. Core Values – The Essex Weld Solutions Ltd. Core Values set the tone for our organization and our Company Culture. The Core Values are the underlying foundation and character of our business and the people it.
- b. Company Culture – The Essex Weld Solutions Ltd. Company Culture provides the framework of the behaviors expected of employees in the course of business. The positive culture is further reinforced through our Employee Code of Conduct.
- c. Employee Code of Conduct – The Employee Code of Conduct applies to all employees in the performance of their duties, as well as all situations which they could be considered representatives of the Essex Weld Solutions Ltd. Each employee must respect Company's commitment to provide a workplace free from violence, harassment and discrimination, which respects human rights and where each employee is treated with dignity and respect. In addition, the Employee Conduct states that ensuring a safe and healthy workplace is of greatest importance to the Company and is a responsibility shared with employees, who are responsible for their own health and safety, for protecting the health and safety of others, and for complying with all legal and company standards. Any employee who breaches the provisions of our Employee Code of Conduct is subject to immediate disciplinary action up to and including termination.

The updating and application of the Core Values is the responsibility of the Executive Management team, the Company Culture, the Senior Management team and the Employee Code of Conduct the Human Resource team. All three documents are reviewed annually for accuracy.

Supplier Code of Conduct

Scope

Essex Weld Solutions Ltd. has a zero-tolerance attitude and approach to modern slavery and will make every effort to promote awareness within our workforce and our supply chain of the risks relating to modern slavery. We are committed to acting ethically and with integrity in all business dealings and relationships. We expect that our employees will comply with this policy and uphold our values at all times and any breaches of our policy will be subject to investigation and potential disciplinary action.

We expect that our customers, suppliers and contractors match and reflect our dedication to preventing the existence of modern slavery within our supply chain and that they comply with all applicable legislation and regulations in relation to workplace rights and labour laws. Any breaches of our supplier agreements arising under this policy will be referred to Senior Management for investigation.

All suppliers shall:

- Comply with applicable Canadian, US and international laws that prohibit forced labour.
- Uphold the human rights of workers and treat them with dignity and respect.
- Ensure all work is voluntary and workers are free to terminate their employment.
- Ensure that workers are not required to pay any recruitment fees or other fees for their employment.
- Employ workers on the basis of their ability to do the job.
- Ensure all workers meet the applicable minimum legal age requirement.
- Set work hours, wages and overtime pay in compliance with all applicable legislation.
- Pay workers at least the minimum legal wage and comply with legally mandated benefits.

All Suppliers shall not:

- Unreasonably restrict workers' freedom of movement in the company facilities.
- Hold or otherwise destroy, conceal, confiscate, or deny access by workers to their identity or immigration documents such as government-issued identification, passports or work permits.
- Use recruiters or staffing agencies that do not comply with applicable labour laws, or charge workers any recruitment fees.
- Engage in or permit corporal punishment, threats of violence, mental or physical coercion, verbal abuse of workers or other forms of harassment whether based on gender, race, color, religion, ethnicity, age, sexual orientation, national origin, disability or any other legally protected characteristic.
- Use child labour. A child means any person under the age of 15, or under the age for completing compulsory education.
- Discriminate on the basis of any and all protected grounds under the human rights.

Breaches to this policy by an employee, manager or director of the company will lead to disciplinary action being taken in accordance with the company's disciplinary procedure. Serious breaches may be regarded as gross misconduct and can lead to immediate termination.

All employees, managers and directors of the company will be expected to provide their full cooperation in any investigation related to this policy.

Should an issue be identified at a supplier, we will work with them to prepare a corrective action plan and resolve all violations within an agreed upon time period. We reserve the right to terminate our relationship with individuals and organizations in our supply chain if they breach this policy.

Communication of Supplier Code of Conduct

To ensure all employees are aware of the modern slavery and forced labour policy it will be made available in the Human Resource policy drive for review at any time.

All suppliers will be made aware of this policy through our supplier code of conduct being highlighted on our website and referenced on our purchase orders offering a link to the supplier code of conduct found on our website. As highlighted above, this provides all suppliers of Essex Weld Solutions Ltd. and our company stand against forced labour and modern slavery practices.

All members of the Procurement Team will review and sign the policy stating their understanding of the expectation.

Due Diligence

In addition to our supplier code of conduct, Essex Weld Solutions Ltd. has taken additional steps to prevent to further reduce the risk of forced or child labour in our supply chains:

- Discussing the act in our management review meeting with the leadership of the company to highlight and review our policies pertaining to forced and child labour as well as other human rights policies
- Provide training to our procurement team and providing them information on how to identify risks in our supply chain

Risk Assessment and Identification

In preparation for its 2024 to 2028 Corporate Responsibility Plan, Essex Weld Solutions Ltd. conducted an assessment to identify the ESG (Environmental, Sustainability, Governance) issues on which we could take action and have the greatest impact on our business, society and our external stakeholders, thus enabling us to determine the directions of our plan.

The assessment was carried out through a desktop review of the practices implemented by our peers and our retailers worldwide and the expectations of our stake holders. In addition, the Company utilized the EcoVadis platform as an avenue to measure our current practices and policies noting any improvement opportunities. This exercise enabled us to identify the ESG issues on which to base our plan. The analysis identified responsible procurement as a priority for the CR Plan for 2024-2028.

In addition to this exercise Essex Weld Solutions Ltd. also conducted a review of responsible procurement issues that included an analysis of current events, industry best practices, stakeholder concerns and legal requirements. This focused on procurement activities and helped identify working conditions as a potential issue and risk in its supply chain. By breaking down the commodities we

purchase and the vendors who supply the commodities we were able to map out the supply chain and identify our priorities. In terms of measures to assess and manage the risk of recourse to forced or child labour, and as mentioned in our Supplier Code of Conduct, Essex Weld Solutions Ltd. has set a specific target for compliance with working conditions at its suppliers in its 2024-2028 CR Plan. The objective is to require suppliers to respect working conditions across the supply chain as set out in our Supplier Code of Conduct.

Remediation and Corrective Measures

Measures taken to remedy any use of forced or child labour

Our approach is based on transparency, open dialogue and proactive cooperation. We provide feedback on their performance to all our suppliers, with a view to encourage them to improve both their practices and the quality of their responses. Non-compliant suppliers are reassessed in the following calendar year. In the event of non-compliance with the requirements and principles stipulate in our Supplier Code of Conduct following the reassessment, we will work with our suppliers to develop effective action plans. The scope of the action plans will depend on the nature and severity of the nonconformities' detected. Essex Weld Solutions Ltd. favors a continuous improvement approach and will monitor its suppliers' progress in terms of respect for workers. In the case of a serious failure to comply, Essex Weld Solutions Ltd. may reconsider its business relationship with the supplier.

Annual monitoring of performance indicators, incorporating the results of our assessments and corrective actions, enables us to continually adjust our practices. This approach ensures continuous improvement, in line with our responsible sourcing objectives.

Assessment of Measures Effectiveness

As described below, we have put in place a structured process to measure the effectiveness of our initiatives on issues related to forced labour, child labour and working conditions. This process includes a regular review of our policies and procedures, transparent data collection, performance and monitoring indicators, ongoing dialogue with suppliers and annual reporting.

- a) Regular review of our policies and procedures – Essex Weld Solutions Ltd. regularly reviews its policies and procedures for clarity and updates when required. As updates are required to be made, they are made under the ISO 9001 standard and then communicated to all stake holders. Every policy and procedure have an amendment table indicating the details of any changes made with appropriate approvals.
- b) Data Collection-Our approach is data driven. This approach builds trust and enables us to objectively assess our performance. We have implemented a data collection method to gather information from our suppliers.
- c) Performance Indicators and monitoring – Essex Weld Solutions Ltd. has defined KPI's (key performance indicators) to enable it to assess the effectiveness of its measure. These KPI's cover aspects such as the number of suppliers assessed and the supplier compliance rate. Bi-annual monitoring of these indicators provides a real-time view.
- d) Reporting – Essex Weld Solutions Ltd. has been reporting through the EcoVadis platform since 2021 and publicly reporting since 2024. Our 2024 Corporate Responsibility Report details our most recent activities in a number of areas including responsible sourcing and respect for workers.

In addition, reports on progress of our CR efforts are made periodically to the Executive Management team who oversees the CR's activities.

Training

Essex Weld Solutions Ltd. provides training to all employees on all policies and procedures. Training is also conducted annually to ensure all employees are refreshed and updated on policies and procedures. Training attendance is documented through a training sign off sheets, uploaded to employee Edata profiles and saved to their personal files.

Any training required by an external stakeholder will be evaluated and best methods will be determined by the senior management team.

2023 Achievements

In 2023, Essex Weld Solutions Ltd. adopted our Supplier Code of Conduct and trained all employees of the procurement team. The Supplier Code of Conduct was communicated to suppliers of our largest commodities. Essex Weld Solutions Ltd. also participated in the EcoVadis annual survey and obtained a greater score than previous years.

Looking ahead we will provide performance feedback to all our suppliers, in order to prompt them to improve both their practices and accuracy of their responses. All non-compliant suppliers will undergo reassessment in the upcoming year, while we also expand the scope of this assessment to other suppliers.

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.

John Friesen

President

May 29, 2024

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I have the authority to bind Essex Weld Solutions Ltd.