



CANADA LTD.

## ANNUAL REPORT

### Purpose

This annual report for the 2023 financial reporting year has been created by Foraco Canada Ltd. (“**Foraco**”) for the sole purpose of meeting its obligations and reporting requirements for entities pursuant to the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, SC 2023, c 9 (the “**Act**”).

### Organizational Structure, Activities, and Supply Chains

Foraco is a mineral drilling company that provides innovative solutions for the mineral exploration and mining industry as well as related water drilling services. Foraco develops customized drilling solutions that meet the needs of their customers. Foraco offers deep directional drilling, large diameter coring, and hydrogeological drilling as some of the methods they utilize to safely deploy. Foraco is principally located in North Bay, Ontario, Canada. Additionally, Foraco has operations in Calgary, Picture Butte, Kamloops, Timmins, Winnipeg, Thompson, Sudbury and Yellowknife.

Pursuant to this, Foraco primarily sources machinery and drilling tools from Canada but from time to time also from Australia, United States of America, China, Mali, and Chile. These suppliers in some instances have their own supply chains, including overseas supply chains. The goods imported from Mali was an inter-company transaction between Foraco and Foraco Mali Ltd. The goods that Foraco imported were goods Foraco originally sent to Foraco Mali Ltd. several years ago and was returned to Canada in 2023 financial year.

Foraco is primarily a business-to-business service provider to the mineral drilling industry and as a result, engages in the sale of drilling tools and consumables to clients as part of this service. All services are provided inside of Canada. Foraco does not engage in manufacturing the drilling equipment or supplies.

### Policies and Due Diligence Processes

Foraco maintains general due diligence processes that promote responsible, ethical, and legal procurement practices, including with respect to labour practices within the supply chain.

Procurement is subject to the following:

- (a) Foraco’s Code of Ethical Conduct for its Suppliers and Business Partners (“**SCC**”) states that Foraco meets labour standards outlined in the Conventions of the International Labor Organization. Additionally, the SCC expects suppliers to act responsibly and observe the principles outlined in the SCC. This includes any third-party entities that Foraco’s suppliers commission to fulfill their obligations to Foraco.

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- (b) Foraco's SCC requires that suppliers do not employ forced labour and child labour. Suppliers must comply with the rules outlined by the International Labor Organization Convention 138 concerning the minimum age of employment for children.
- (c) Foraco's internal Code of Business Conduct and Ethics states that the expectation of Foraco is that all employees will comply with all applicable laws, rules, and regulations.

In addition, Foraco maintains employee policies that prescribe duties, responsibilities, and expectations of employment. This includes workplace policies and procedures to operate in compliance with provincial employment standards, human rights, and occupational health and safety legislation.

#### **Steps Taken in Prior Financial Year**

The above due diligence processes and policies were in place in the prior financial years. Foraco took no additional actions in the 2023 financial year related to forced labour and child labour aside from the processes and policies that were already in place.

#### **Forced Labour and Child Labour Risks**

Foraco will be working to identify specific risks of forced labour and child labour that may exist in its supply chain. It is aware that there may be higher risks associated with certain regions, goods, and industries. To improve visibility and better identify areas of risk, Foraco will be continuing to track countries of origin for imported goods.

Foraco will be modifying their procurement documents to require supplier attestation with the Act and confirm the supplier does not use forced labour or child labour.

#### **Remediation Measures**

Foraco has not identified any forced labour or child labour in its activities or supply chains. As such, it has not undertaken any remediation measures.

#### **Remediation of Loss of Income**

Foraco has not identified any loss of income to vulnerable families resulting from measures taken to eliminate the use of forced labour or child labour in its activities and supply chains. As such, it has not undertaken any income remediation measures.

#### **Training Provided to Employees**

Foraco provides employee training both as part of its onboarding process and training. This training is refreshed annually. This includes training with respect to safe, ethical, and legally compliant workplace practices and policies. Foraco is in the process of assessing what forced labour and child labour-related training may be appropriate. Foraco anticipates that training may include: (i) an overview of the Act; (ii) an awareness of the risk of

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forced labour and child labour within Foraco’s supply chain; and (iii) an understanding of the relevant risks of forced labour and child labour in certain countries of origin that are relevant to Foraco’s supply chain.

**Effectiveness Assessment**

Foraco does not currently have specific policies and procedures in place to assess its effectiveness in reducing and/or eliminating the risk of child labour and/or forced labour in its supply chain. However, it will be assessing what measures may be appropriate in the future.

**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.

**IN WITNESS WHEREOF** the authorized signing officer(s) of Foraco Canada Ltd. have executed this report as of the effective date of the signature set out below.

SIGNED

May 30 2024  
Date

FORACO CANADA LTD.

Per:   
Name: Timothy Bremner  
Title: President

I have authority to bind Foraco Canada Ltd.