

2023 ANNUAL REPORT

1. Purpose

This annual report for the 2023 financial reporting year has been created by Freud Canada Inc. (hereinafter referred to as “**Freud**”, “**our**”, or “**we**”) 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**”).

2. Our Commitment

Freud is committed to preventing and reducing the risk that forced labour or child labour is used at any step in the production of goods in Canada or elsewhere, including goods that Freud imports into Canada.

3. Categorization, Sector, and Industry

Freud is a sales and distribution entity headquartered in Mississauga, Ontario.

In terms of the Act’s threshold requirements, Freud has at least \$20 million in assets for at least one of its two most recent financial years and it has generated at least \$40 million in revenue for at least one of its two most recent financial years.

4. Structure, Activities, and Supply Chain

Freud is one of approximately 470 subsidiaries of Robert Bosch GmbH (“**Bosch GmbH**”), a multinational engineering and technology company headquartered in Gerlingen, Germany. Bosch GmbH maintains policies and procedures that apply to all of its subsidiaries (all subsidiaries and Bosch GmbH hereinafter referred to as, the “**Bosch Group**”).

As a sales and distribution company, Freud does not engage in its own manufacturing process. It operates solely in the wholesale trade sector. Freud imports power tool accessories into Canada, including but not limited to, circular saw blades, reciprocating saws, and routers. Approximately 96% of the finished goods imported into Canada by Freud in the 2023 reporting year were sourced through affiliate Bosch Group entities in Switzerland, Italy, and the United States. Freud also imported from third-party suppliers located largely in China.

Steps Taken by the Freud in 2023

To help prevent and reduce the potential risk that forced labour or child labour is used at any step of the production of goods in Canada or elsewhere, or of goods imported into Canada, Freud took the following steps in 2023:

1. Mapping activities;
2. Mapping supply chains;
3. Conducting an internal assessment of risk of forced labour and/or child labour in the organization’s activities and supply chains;
4. Developing and implementing an action plan for addressing forced labour and/or child labour;

5. Gathering information on worker recruitment and maintaining internal controls to ensure that all workers are recruited voluntarily;
6. Addressing practices in the organization's activities and supply chains that increase the risk of forced labour and/or child labour;
7. Developing and implementing due diligence policies and processes for identifying, addressing and prohibiting the use of forced labour and/or child labour in the organization's activities and supply chains;
8. Carrying out a prioritization exercise to focus due diligence efforts on the most severe risks of forced and child labour;
9. Requiring suppliers to have in place policies and procedures for identifying and prohibiting the use of forced labour and/or child labour in their activities and supply chains;
10. Developing and implementing anti-forced labour and/or -child labour contractual clauses;
11. Developing and implementing anti-forced labour and/or -child labour standards, codes of conduct and/or compliance checklists;
12. Auditing suppliers;
13. Monitoring suppliers;
14. Enacting measures to provide for, or cooperate in, remediation of forced labour and/or child labour;
15. Developing and implementing grievance mechanisms;
16. Developing and implementing training and awareness materials on forced labour and/or child labour;
17. Developing and implementing procedures to track performance in addressing forced labour and/or child labour;
18. Engaging with supply chain partners on the issue of addressing forced labour and/or child labour; and
19. Engaging with civil society groups, experts and other stakeholders on the issue of addressing forced labour and/or child labour.

To achieve the above steps, Freud relied on the actions taken by the Bosch Group in 2023, which included:

1. Identifying fifteen (15) high-risk raw materials that the Bosch Group uses and launching specific risk-mitigating programs.
2. The application of the [Code of Business Conduct](#) to all employees in the Bosch Group. The Code of Business Conduct requires employees to comply with all relevant laws and internal regulations. It rejects any violation of human rights, and explicitly, forced labour and child labour.
3. Requiring suppliers of the Bosch Group to comply with a [Code of Conduct for Business Partners](#). Among other things, the Code of Conduct for Business Partners stipulates that there is zero tolerance for any form of child labour, and it rejects any form of forced labour. It also permits the termination of business relationships in the event of a breach.
4. Conducting supplier assessments, including (i) quick scans based on a checklist of specified criteria, such as, human rights; (ii) drill-deep assessments which are carried out by internally licensed assessors

in potentially high-risk regions or industries; (iii) self-declarations where the risk is low; and (iv) third-party audits.

5. The maintenance of a Risk Management System for the implementation of corporate due diligence obligations in accordance with the *German Supply Chain Due Diligence Act* to ensure compliance with human rights and environment-related due diligence obligations. The system is directed both at the actions of the Bosch Group in its own operations and the activities of its suppliers. The Risk Management System also includes a Human Rights Committee that convenes twice a year under the Chair of the Human Rights Officer. The Human Rights Committee is made up of the heads of the responsible corporate departments and other corporate departments with an advisory role (compliance, risk management, legal affairs, communication). The Human Rights Committee evaluates the effectiveness of the Risk Management System and contributes to its further development.
6. Encouraging every Bosch Group employee and every Bosch Group business partner to report any possible violation of the law, the Bosch Code of Business Conduct, or other internal regulations through the [online anonymous whistleblower system](#).
7. The completion of risk assessments. The corporate departments assess the risks relating to their own business activities in a top-down or bottom-up approach (e.g. through questionnaires), depending on the processes in question. The Bosch Group has developed a grading system for risks in the supply chain and uses international indexes such as the Global Slavery Index or the ITUC Global Rights Index to assess the respective supplier's potential risk. A supplier's sustainability performance – such as audit results, acceptance of the Code of Conduct for Business Partners, or external certifications – is likewise included in the assessment and used to substantiate the results.

For additional information on the details provided above and the Bosch Group's global initiatives, please refer to the Bosch Group's [2023 Sustainability Report](#).

5. Policies and Due Diligence Processes

Freud maintains policies and due diligence processes to directly address child labour and forced labour, including:

1. Embedding responsible business conduct into policies and management systems;
2. Identifying and assessing adverse impacts in operations, supply chains and business relationships;
3. Ceasing, preventing or mitigating adverse impacts;
4. Tracking implementation and results;
5. Communicating how impacts are addressed; and
6. Providing for or cooperating in remediation when appropriate.

The above steps were addressed by Freud through the Bosch Group's aforementioned risk identification, [Code of Business Conduct](#), [Code of Conduct for Business Partners](#), supplier assessments, Risk Management System, Human Rights Committee, [online anonymous whistleblower system](#), and risk assessments.



For additional information on the policies and due diligence processes of Freud, please refer to the Bosch Group's [2023 Sustainability Report](#).

6. Forced Labour and Child Labour Risks

Freud has identified child labour and forced labour risks to the best of its knowledge, and it will continue to strive to identify emerging risks. It is aware that there may be higher risks of child labour and forced labour associated with certain regions, goods, and industries.

For additional information on the forced labour and child labour risks, please refer to the Bosch Group's [2023 Sustainability Report](#).

7. Remediation Measures

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

8. Remediation of Loss of Income

Freud 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.

9. Training Provided to Employees

All Freud employees with purchasing functions are required to complete training specific to child labour and forced labour. In addition, employees who manage suppliers receive training on the requirements expected from suppliers and the procedure for the quick scan supplier assessments.

10. Assessing Effectiveness

Freud assesses the effectiveness in addressing the risks of forced labour and child labour in its activities and supply chain through regular reviews of its policies and procedures related to forced labour and child labour. Specifically, effectiveness is assessed by Freud through the Bosch Group's aforementioned Risk Management System, Human Rights Committee, and risk assessments.

For additional information on how Freud assesses its effectiveness in ensuring that forced labour and child labour are not being used in its activities and supply chain, please refer to the Bosch Group's [2023 Sustainability Report](#).





11. 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 of Freud Canada Inc. has executed this report as of the effective date of the signatures set out below.

SIGNED

_____)
Date)

)
) **FREUD CANADA INC.**

) **Per:** _____

) **Name:** Rajiv Trivedi

) **Title:** Controller

)
) I have authority to bind Freud Canada Inc.

