

**HEIDELBERG CANADA GRAPHIC EQUIPMENT LIMITED /
HEIDELBERGER DRUCKMASCHINEN AKTIENGESELLSCHAFT**

Report Prepared Pursuant to

Canada's Fighting Against Forced Labour and Child Labour in Supply Chains Act

1. Introduction and Identity

This Report is produced by Heidelberg Canada Graphic Equipment Limited (“**HCD**”) and Heidelberger Druckmaschinen Aktiengesellschaft (“**HDM**”) (together “**our**”, “**us**” and “**we**”) for the financial reporting year ended March 31, 2024 (the “**Reporting Period**”) and sets out the steps taken to prevent and reduce the risk that forced labour and child labour is used at any step in the production of goods in Canada or elsewhere or of goods imported into Canada.

This Report has been prepared and filed pursuant to Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “**Act**”).

HDM and its worldwide subsidiaries (together “**HEIDELBERG**”) is an innovative technology company with a leading position in the global printing industry. As a reliable and highly innovative partner, we have been synonymous with quality and future viability for more than 170 years.

HEIDELBERG is the leading provider of sheetfed offset machines, a technology used in the production of high-quality, high-volume printed products. In addition, the Company has also expanded its position in flexographic printing for the packaging market and in digital label printing in recent years.

A total of around 9,500 employees together with our sales partners at 250 sites in 170 countries around the globe ensure the implementation of our customers' requirements and our continuous development on the market. With sales outside of Germany of around 87 percent, a global sales and service organization is crucial for HEIDELBERG. The Company is present on the main markets and offers its customers high machine availability by means of broad service coverage. The Company's production sites are located in Germany and China and are supported by more than 19,500 suppliers around the world for its manufacturing and distribution activities.

HCD is the wholly owned subsidiary of HDM and supports the Canadian marketplace by selling products manufactured by HEIDELBERG or purchased from non-related companies both inside and outside of Canada. HCD has approximately 85 employees supporting approximately 750 customers in the Canadian marketplace.

As a German company with more than 3,000 employees, HDM along with all of its worldwide subsidiaries are subject to the Lieferkettensorgfaltspflichtengesetz (LkSG) commonly referred to in the English language as the German Supply Chain Act (“**GSCA**”). The GSCA creates binding rules that companies must follow in their supplier selection process concerning environmental risks and human rights, including slavery and child slavery.

2. Steps Taken During the Reporting Period to Prevent and Reduce Risks of Forced Labour and Child Labour

During the Reporting Period, HDM was involved in the following activities as part of its efforts to comply with GSCA:

- Mapping our business activities and those of direct suppliers; investigating the entire supply chain is not possible at this time;
- Performing a prioritization exercise to focus due diligence efforts on the highest risk areas;
 - Using an abstract risk analysis approach analyzed 19,500+ suppliers based upon risk indices and country risks;
 - Classification by geography and industry/product groups indicated ~3,400 suppliers in the high or very high risk categories
 - Random sampling of 350 high or very high risk for further review including detailed review of 30 selected suppliers
 - 15 suppliers identified preventative measures
 - 0 suppliers identified that required remedial measures
- Monitoring suppliers based on a risk analysis;
- Developed and implemented a supplier onboarding process which incorporates risk analysis and due diligence checks as required by GSCA.
- Developing and implemented whistle-blower/complaint systems; and
- Developing and implemented training and awareness materials focused on potential human rights violations in the supply chain, including those related to slavery.

During the Reporting Period, HCD was involved in the following activities as part of its efforts to comply with GSCA:

- Participated with HDM and other HEIDELBERG entities in supply chain mapping and risk assessments;
- Appropriate individuals participated in training and awareness materials focused on potential human rights violations in the supply chain, including those related to slavery; and
- Implemented supplier onboarding process developed by HDM incorporating risk analysis and due diligence checks.

3. Structure, Activities and Supply Chains

Structure:

HDM (also referred to as HEIDELBERG) is the parent company of HCD. HCD is a wholly owned subsidiary of HDM.

No other entities within the HEIDELBERG group are involved in any activities in Canada.

Activities:

HDM is involved in the manufacturing of goods outside of Canada. Other than HDM's investment in HCD, HDM has no operations, assets, revenues, or place of business in Canada.

HCD imports goods manufactured by HEIDELBERG and other unrelated companies into Canada in addition to purchasing goods produced in Canada or imported into Canada by other unrelated companies. HCD sells these goods and provides service to customers located in Canada. HCD has no sales activity outside of Canada. HCD is based in Mississauga, Ontario and has a sales office in Montreal, Quebec.

Supply Chains:

HEIDELBERG has more than 19,500 suppliers worldwide supporting its worldwide business. HCD has approximately 300 suppliers with activity in the Reporting Period.

4. Policies and Due Diligence Processes

HEIDELBERG has implemented a detailed process for supplier onboarding to observe the due diligence obligations of the GSCA.

The policy categories suppliers based upon volume and frequency and includes a risk assessment based upon both industry and geographical risks. Purchases by any HEIDELBERG entity can't take place until the supplier has completed the necessary due diligence process.

Further, the policy outlines the manner in which HEIDELBERG will handle new information about a supplier which might affect the risk score and/or indicate human rights violations. The policy also identifies remedial actions to be taken should an actual human rights violation be confirmed.

5. Forced Labour and Child Labour Risks and Steps Taken to Assess and Manage These Risks

The scope of human rights violations considered by the GSCA includes forced labour and child slavery.

The ongoing risk assessment of the existing vendors and the new supplier onboarding processes and policies implemented help HDM and HCD assess and manage the risks of forced labour and child labour.

6. Remediation Measures

The policies and processes we have implemented indicate appropriate remediation efforts including, if necessary, removing the supplier from our supply chain.

Having said that, in the initial risk assessment and further due diligence efforts across our whole supply chain, we identified only 15 vendors at high risk that needed any sort of prevention efforts, and none required any remediation.

7. Remediation of Loss of Income to the Most Vulnerable Families

Our policies and procedures do not address loss of income to the most vulnerable families at this time.

8. Training

A general training outlining the requirements of the GSCA and raising awareness of the need for diligence about human rights and environmental issues across our whole supply chain was introduced to all managers, as well as people involved in the selection of suppliers (“strategic buyers”) and for people involved in the procurement process (“operational buyers”).

Strategic buyers and operational buyers had additional training on the details of the policies and procedures implemented to ensure that the due diligence and other checks are completed and any remedial actions are taken as required.

Information has been provided to all employees about the whistleblower/complaints reporting process as well.

Please note, however, that this training was not specifically focused on forced labour and child labour, but rather covered all of the human rights and environmental concerns addressed in the GSCA.

9. Assessing Effectiveness

HEIDELBERG has implemented a media screening process to monitor social media and news reports of potential human rights violations covering any of its suppliers. In addition, HEIDELBERG has a whistle blower/complaints management process which accepts input from employees as well as people outside the HEIDELBERG organization.

Any indications that the risk of a human rights violation has increased at a supplier or that there has been a potential violation of human rights at a supplier are actively investigated.


Policies and processes have been put in place to clarify/corroborate any such human rights violation and to ensure remedial actions by both the supplier and HEIDELBERG are taken as necessary.

In its own business area, HEIDELBERG's internal control system reviews the effectiveness of the remedial measures taken as a result of GSCA violations. The results of this review, in particular any deficits that may have arisen, are reported to the Human Rights Officer. The responsible departments are required to adapt the corresponding remedial measures.

For the direct suppliers, the defined KPIs are determined for a general overview of the remedial measures taken in the previous financial year. Depending on the type of remediation measure taken, the effectiveness of the respective remediation measures is reviewed.

10. 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 Period listed above.

<p>On behalf of Heidelberger Druckmaschinen Aktiengesellschaft</p> <p>Date: May 23, 2024</p> <p>Signed:</p> <p>Name: Tania von der Goltz</p> <p>Title: Chief Financial Officer</p> <p>I have authority to bind the corporation</p> <p>Signed:</p> <p>Name: Leslie Melters</p> <p>Title: Head of Legal, Intellectual Property and Compliance</p> <p>I have authority to bind the corporation</p> <p>This report was approved by the Board of Directors of Heidelberger Druckmaschinen AG Limited on May 23, 2024.</p>	<p>On behalf of Heidelberg Canada Graphic Equipment Limited</p> <p>Date: May 28, 2024</p> <p>Signed: </p> <p>Name: Harold Hoff</p> <p>Title: Vice-President, Sales & Service</p> <p>I have authority to bind the corporation.</p> <p>This report was approved by the Board of Directors of Heidelberg Canada Graphic Equipment Limited on May 24, 2024.</p>
--	--