

FORCED LABOUR IN CANADIAN SUPPLY CHAINS

2023 Report

Imperial Manufacturing Group

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Manufacturing Group®

Forced Labour in the Canadian Supply Chains - 2023 Report

Introduction

In May of 2023, the Parliament of Canada passed Bill S-211, the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “Act”). The Act came into effect January 1, 2024, and requires certain entities and government institutions to report annually on the actions they have taken during the previous financial year to prevent and reduce the risk that forced labour or child labour is used within their operations or their supply chains.

The purpose of this joint report is to outline Imperial Manufacturing Group and applicable sister companies’¹ (“IMG” or the “Corporation” or “company” or “organization” or “our” or “we”) approach to minimizing the risk that forced labour and child labour is used at any step of our Canadian production or production elsewhere internally or in our supply chains.

This inaugural report refers to the 2023 fiscal year and has been prepared by the Corporation in compliance with the Act.

Steps to prevent and reduce risks of forced labour and child labour

IMG’s success must be governed by a strong commitment to the highest standards of respect and integrity in all our internal and external business relationships and activities. We recognize the respect of human rights to be an essential corporate responsibility and a value guiding our activities. We expect our business partners to do the same.

¹ Entities required to publish a report under the Act and therefore covered by this group report are: Imperial Manufacturing Group Inc., Don Park Manufacturing Inc., Imperial Building Products Ltd., and Imperial Metal Services Inc.

IMG has taken the following steps during 2023 to prevent and reduce the risk that forced labour and child labour are used at any step of the production of goods in Canada or elsewhere by the Corporation or of goods imported into Canada by the Corporation.

INTERNAL AND EXTERNAL ASSESSMENTS

IMG conducts both internal and external assessments of risks of forced labour and child labour in the organization's activities and supply chains. Along with inquiring on topics such as financial stability, legal compliance, quality management, capacity constraints, and reputation, we assess safe work practices and ethical and social responsibilities, including forced labour and child labour. This is mostly done when searching for new vendors or when any operational or activity changes have occurred at existing suppliers. Additional details on these assessments are further referenced in the report.

INFORMATION ON WORKER RECRUITMENT

Our human resources department gathers information on worker recruitment and maintains internal controls to ensure all workers are recruited legally and voluntarily.

AUDITING SUPPLIERS

In 2023, our procurement department has equally directed and administered random site visits at several new and existing suppliers in Canada and worldwide. Along with audits regarding health and safety, working conditions, compliance to environmental regulations, and other relevant supplier information, auditing compliance on child labour regulations and general labour protection regulations, including forced labour, are included in the checklist.

Structure, activities, and supply chains

STRUCTURE

Founded in 1979, Imperial Manufacturing Group (IMG) is a privately owned group of companies primarily focused on manufacturing products for the construction industry with our headquarter located in Richibucto, New Brunswick. We are incorporated under the *Canada Business Corporation Act*.

Members of the Imperial Manufacturing Group of Companies that have reporting obligations under the Act are Imperial Manufacturing Group Inc., Don Park Manufacturing Inc., Imperial Building Products Ltd., and Imperial Metal Services Inc.

ACTIVITIES

IMG includes several affiliated companies operating out of 14 facilities in both Canada and the United States. Over the past 45 years, IMG has become a leading business-to-business HVAC and Building Products manufacturer offering a wide variety of quality products to contractors, wholesalers, and retailers mostly located in Canada and the United States. We also have service centres specializing in the storage, processing, and distribution of flat rolled steel products.

The product categories that are manufactured and distributed by IMG are:

- Galvanized Duct, Pipe, and Fittings
- Registers and Grilles
- Venting and Flexible Duct
- Stove and Fireplace Maintenance Products
- Aluminum Railing, Fencing, and Columns
- Steel Studs, Channels, and Trims
- Flat Rolled Steel Products

SUPPLY CHAINS

IMG's global supply chains include businesses that supply goods and services to our organization, primarily encompassing materials for the production and packaging of products manufactured, sold, and distributed to our customers. IMG imports directly and indirectly both raw and finished goods from premium suppliers from around the world. The majority of these suppliers have long-term contracts and have established strong relationships with IMG. Most goods purchased are sourced from North America, Europe, and Asia, and include mostly steel, metal components and products, and chemicals.

Policies and Due Diligence Processes in Relation to Forced Labour and Child Labour

IMG is committed and has embedded responsible business conduct into its policies and management systems. Our Code of Business Conduct includes the requirement to respect human rights, both in our internal and external business activities. We anticipate all employees as well as our business partners to act accordingly.

The Code of Business Conduct recognizes human rights and the fact that it is governed by law. We have an obligation to obey all applicable laws and regulations governing our business conduct worldwide. IMG also operates in respect to the *Canadian Human Rights Act* and the *Civil Rights Act*.

Our Corporate Core Values include themes such as Teamwork, Work Ethic, and Integrity, which in turn support our commitment to maintain human rights. Respect, honesty, trust, and doing what's right is expected from all IMG team members. These values and belief fundamentals guide our behaviors and are reflected in our day-to-day operations.

While IMG has continually applied informal ethical practices in their supply chains, we are now in the process of creating formal policies relating to Supplier Codes of Conduct and Compliance Standards, including references prohibiting forced labour and child labour. We have and will continue to consult international and industry-leading standards to develop robust policies and procedures. Our ambition is to uphold the rights of customers, employees, as well as workers across our supply chains.

Assessing Our Risk

Supply chain risk management encompasses assessing, analyzing, and evaluating all types of risks surrounding the outsourcing of goods and services. Risks can be identified as financial, operational, legal, environmental, social, and ethical, including the risk of forced labour and child labour.

Importing raw material and/or finished goods, no matter the sector or industry, cannot be presumed as being completely free of forced labour and child labour risks. Considering some of IMG's supply chains are in the manufacturing industry and involve regions that are known to have participated in forced and/or child labour, it is important that we conduct risk assessments prior to and while engaging with suppliers.

Some of the steps taken by IMG to identify forced labour and child labour risks include researching global modern slavery index data and child labour data for risk by country and/or sector or industry. We also conduct supplier factory audits. Fortunately, we have not identified any forced labour and/or child labour in our current supply chains.

Remediation

MEASURES TO REMEDIATE FORCED LABOUR OR CHILD LABOUR

To date, IMG has not identified any forced labour or child labour in our activities and supply chains.

MEASURES TO REMEDIATE THE LOSS OF INCOME TO VULNERABLE FAMILIES

As we have not identified any forced labour or child labour in our activities and supply chains, no measures have been taken in this area.

Training

The Corporation's Code of Business Conduct, which is presented during employee onboarding, includes a detailed description of its position on human rights, indicates the requirement to obey all applicable laws and regulations governing our business conduct worldwide, and provides reporting responsibility when policy violations are observed and identified.

While IMG currently does not provide formal training to employees on forced labour and child labour, we will soon begin providing mandatory training for employees making contracting or purchasing decisions as well as to senior management and executive level employees.

Measuring Our Effectiveness

While IMG has some measures in place and is working on building more robust processes, no actions have been taken to assess our effectiveness in preventing and reducing risks of forced labour and child labour in our activities and supply chains.

Approval and Attestation

This report was approved by IMG's governing body that controls each applicable entity included in the report.

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.



André Stever
Chief Financial Officer
Imperial Manufacturing Group
May 29, 2024
I have the authority to bind Imperial Manufacturing Group