



Fighting Against Forced Labour and Child Labour in Supply Chains Act Report

– Fiscal Year 2023 –

Approved by the board of directors on May 22, 2024

A. INTRODUCTION

This report was prepared by Industrial Tech Services, Inc. (“ITS”, “Company”, "we", "us"), in accordance with the requirements of the *Canadian Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “Act”).

We strive to maintain a high standard of ethical and responsible conduct in all of our operations. We recognize the importance of upholding human rights and we are committed to doing our part in combating forced and child labour in our business and supply chains.

This report describes ITS's activities during its most recent financial year, April 1, 2023 to March 31, 2024 (“reporting period”) to prevent and reduce the risk that forced labour or child labour is used at any step in ITS's supply chains and provides additional information set out in the Act.

B. OUR COMPANY – STRUCTURE, ACTIVITIES, AND SUPPLY CHAIN

ITS is headquartered in Georgetown, Kentucky, United States. We are owned by Toyota Tsusho Corporation, Toyotsu Machinery Corporation, Trinity Industrial Corporation, Shinmei Industrial Corporation (all headquartered in Japan) and Toyota Tsusho America, Inc. (headquartered in the U.S.).

ITS engages in the purchase, resale, installation, fabrication, spare parts sourcing and after-sales services of industrial equipment primarily for the benefit of the automotive industry in the U.S.

In Canada, ITS imports equipment to support the automotive industry and provides technical and engineering services in some cases.

Our supply chain consists of suppliers primarily located in Asia and the United States.

C. POLICIES AND DUE DILIGENCE PROCESSES IN RELATION TO FORCED LABOUR AND CHILD LABOUR

1. Global Code of Conduct and Ethics

Our Global Code of Conduct and Ethics (“COCE”) sets out guidelines for conduct animated by ITS’s corporate philosophy: “living and prospering together with people, society and the globe, we aim to be a value-generating corporation that contributes to creation of a prosperous society”.

The COCE embodies ITS’s respect for and consideration of human rights in its business activities. ITS does not tolerate any human rights abuses such as forced labour, child labour, or any form of harassment. We strive to ensure that we do not discriminate based on gender, age, nationality, race, skin colour, ethnicity, religion, sexual orientation, disabilities, or political views in our workplaces.

To that end, ITS has established policies to prohibit forced labour and child labour in its businesses and in its supply chains. All employees are required to adhere to the COCE. ITS mandates that any concerns regarding COCE violations be immediately reported through proper channels.

2. Supplier Sustainability Code of Conduct

During the reporting period, we updated our Supplier Sustainability Code of Conduct (“SSCOC”) which communicates ITS’s fundamental expectations to its personnel, suppliers and service providers in respect

of labour and human rights, including forced labour and child labour, health and safety, environmental protection, sustainability and supply chain, compliance with laws, and ethics.¹

The principles embodied in the SSCOC are designed to be consistent with international norms and standards such as the Universal Declaration of Human Rights, the International Labour Organization's ("ILO") International Labour Standards, the Organization for Economic Co-operation and Development Guidance for Responsible Supply Chain of Minerals from Conflict-Affected and High-Risk Areas, among others. The SSCOC prohibits the use of child labour and forced labour in the Company's operations and supply chains.

ITS expects our suppliers to:

- Respect the fundamental labour standards set forth in the conventions of the ILO with regard to the abolition of forced labour, child labour and slavery.
- Not use any form of forced labour; this includes prison labour, bonded labour, indentured labour, slave labour, and/or labour derived from human trafficking.
- Be responsible for payment of all recruitment fees and expenses and not charge any such fees to their workers.
- Maintain workplaces free from physical abuse, sexual harassment, threats, intimidation, and verbal or psychological harassment.
- Commit to providing and maintaining a safe and healthy workplace for visitors and workers.
- Respect the right to freely associate, organize, and bargain collectively in accordance with local laws and ILO conventions.

ITS informed suppliers of the SSCOC by email in March, 2023. ITS has the right to verify supplier compliance with the SSCOC, including, through site visits and inspections. The SSCOC further states that if a supplier fails to comply with any aspect of the SSCOC, immediate notice of violation shall be provided and suppliers will be subject to corrective action and potentially termination of the business relationship.

Suppliers are required to immediately report any instances of illegal or unethical behaviour or breaches of the SSCOC and to prohibit retaliation against any person for reporting, in good faith, contraventions of the SSCOC.

D. DUE DILIGENCE PROCESSES

ITS conducts due diligence on its suppliers to ensure compliance with applicable laws and to manage third party risks. During the reporting period, diligence processes were updated to include risks of forced and child labour. ITS introduced forced and child labour due diligence based on a risk-based assessment that accounts for geographic regions and commodities that are known to be at higher risk of forced and child labour according to public reports.

¹ <https://www.itslex.com/>

This due diligence encompasses direct, tier 1 suppliers as well as sub-tier 1 suppliers. Depending on the risk profile, this due diligence may include a requirement for suppliers to map the supply chain of goods sold to ITS and to provide traceability documentation. Relying on the due diligence processes and risk-based sourcing determinations helps ITS to effectively focus its resources and better manage its supply chain risks.

E. ASSESSING AND MANAGING FORCED LABOUR AND CHILD LABOUR RISKS

ITS acknowledges that there is risk that forced labour and child labour can occur at any stage of the supply chain, with risk levels varying based on factors such as type of product or the country/region of manufacture or raw material sourcing.

The Company has identified the primary forced labour and child labour risks that exist and will apply to supply chains which will inform focused diligence and compliance activities during the next review period. Our suppliers will be made aware that they may be required to undergo heightened due diligence and we will work with them to ensure that they and their suppliers do not employ forced or child labour and have themselves put measures into place to manage these risks in their own supply chains.

F. TRAINING

ITS employees are required to complete an annual online training on the COCE, which includes content on regulatory compliance and human rights. Employees are required to complete an assessment on the content presented in the COCE training.

ITS is currently developing training specific to forced labour and child labour issues.

G. REMEDIATION MEASURES

During the reporting period, ITS did not identify any instances or significant risks of forced labour or child labour in its operations or supply chains that would require remediation measures. The Company accordingly did not undertake any measures to remediate the loss of income to the most vulnerable families resulting from any measure taken to eliminate the use of forced labour or child labour in its activities and supply chains. ITS is committed to working with its suppliers to assess and monitor risks and to respond appropriately to remediate the impact in accordance with ITS's policies and processes.

H. ASSESSING EFFECTIVENESS

ITS remains committed to preventing forced labour and child labour from taking place in our businesses and supply chains, and we are currently developing frameworks and processes to assess the effectiveness of our policies, procedures and practices to determine any potential enhancements. ITS has not yet taken any measure to assess the effectiveness of such measures.

I. APPROVAL AND ATTESTATION

This report was approved by the Industrial Tech Services, Inc.'s board of directors on May 22, 2024.

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.



Akio Ouchi

President

Date: 5/23/2024

I have the authority to bind Industrial Tech Services, Inc.