



K-LINE INSULATORS LIMITED

Report under the *Fighting Against Forced Labour
And Child Labour in Supply Chains Act*

FINANCIAL YEAR ENDED MARCH 2024

Prepared: May 29, 2024

CONTACT:

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Introduction

This report is prepared pursuant to the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “Act”). The Act requires that businesses report actions they have taken during the previous fiscal year to prevent and reduce the risks of forced labour and child labour within their operations and supply chain.

As a leading manufacturer in Ontario, K-LINE INSULATORS LIMITED (“KLI”) is committed to conducting business in an ethical manner and in accordance with all applicable laws. We are committed to the important role that we have in ensuring our operations and our supply chains, adhere to the highest ethical standards, including the prevention of Forced Labour and Child Labour in our operations and our supply chain.

This report refers to KLI’s fiscal year ending March 2024.

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

As an employer, purchaser of goods and services, and a seller of goods and products, KLI has an important role to play. To this end, KLI has adopted policies and procedures to reinforce its commitment in this area.

KLI has the same expectation of its suppliers and subcontractors with whom they do business to uphold similar standards by complying with applicable laws in the countries in which they operate and not engage or permit any forced labour or child labour.

In the previous fiscal year, KLI has taken the following steps to prevent and reduce the risks of forced labour and child labour

- Initiated a Forced Labour and Child Labour Policy. Policy was distributed to Senior Management, Management, Human Resources and Purchasing.
- Compliance training conducted with Senior Management, Management, Human Resources and Purchasing with respect to the Act and KLI’s policies and procedures.
- Compliance certifications conducted with all critical suppliers (Phase 1) to ensure the following;
 - o Does not use forced labour or child labour in their business operation.
 - o Takes reasonable actions to ensure there are no practices or conduct that would constitute forced labour or child labour in their operations or supply chains.

- Creates, maintains and enforces its own policies to ensure no forced labour or child labour exists in their operations and supply chains.

Structures, Activities and Supply Chains

KLI was founded in 1983, and incorporated on May 6, 1983. KLI is a manufacturer of polymeric insulators ranging from 15kV to 500kV, with its manufacturing facility located in Toronto, Ontario, Canada.

KLI employs approximately 120 people at their location in Toronto, Ontario with sales offices located in Rochester, NY and Mexico City, Mexico.

KLI distributes products globally, which services the utilities industry.

From an operational view, KLI's supply chain is mostly comprised of companies located within North America (Canada and United States) with a few suppliers located offshore. We are dedicated to the highest standards of integrity in our activities and business relationships throughout our organization and supply chain.

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

a) Business Code of Conduct

We believe that our values and Business Code of Conduct paves the way for an essential foundation of respect within our organization, our employees, customers and our supply partners.

Our Code of Conduct sets the expectations for our behaviour, how we work together in a respectful, fair and transparent environment. KLI is committed to working to the highest standards of ethical, moral and legal conduct. The Code lays out the steps for these expectations, how to report concerns and to ensure compliance with all applicable laws and regulations. KLI expects all employees to adhere to the Business Code of Conduct.

Within the Code it defines how to report a possible violation and the actions that will be taken by the company to review and address any issues.

b) Supplier Code of Conduct

We expect our suppliers to make the following commitments within their organization and in their labour practices;

- Compliance with all applicable laws and regulations
- Prohibit child labour and forced labour
- Adhere to the highest standards of ethical, moral and legal conduct

Our Supplier Code of Conduct requires that all businesses with whom KLI does business must ensure that these standards apply not only to their organization but to their supply chain and subcontractors.

Risks of Forced Labour and Child Labour

Supply Chain

KLI recognizes that there may be some potential risks of forced labour or child labour within the supply chain. The ways in which KLI works to identify and manage these potentials risks include;

- Ensuring compliance to all applicable laws
- As part of the supplier certification for new suppliers, completing a review and completion of a Supplier Certification with respect to forced labour and child labour
- Review of supplier's policies, if requested
- Maintaining supplier certifications on an annual basis
- Require any non-compliances to be reported immediately

Human Resources

KLI ensures compliance with the Act with respect to the hiring process, with implemented Hiring policies which include;

No individual under the age of 15 years will be employed at the workplace (per Ontario guidelines for working in a manufacturing factory).

- Human Resources Department has a system in place for checking and maintaining records of all workers at the time of employment to determine proof of age. This system will be monitored on a regular basis.

No worker will be made to work against his/her will.

The above are monitored on a regular basis by Management to ensure compliance. If a compliance issue is identified, KLI will take the appropriate steps to correct the issue.

Remediation Measures

To date, there have been no reported issues of non-compliance of the forced labour and child labour policy within the organization or its supply chain.

If a potential non-compliance or violation were to occur, KLI would initiate an investigation and take the appropriate actions in accordance with the Act. The following protocol has been implemented with our procedures as follows;

- 1) Investigate the potential violation or non-compliance

- If there has been no violation or non-compliance found, then the entity would be absolved and the file would be close.
- If the entity is in violation or non-compliant, a couple of options would be available depending on how egregious the violation was. We would either work with the entity to resolve their issues with the expectation to resolve and close the file. If however, we are unable to resolve the issues and further violations exist, KLI may need to cease its relationship with the entity.

2) Documentation will be completed and filed accordingly as per our procedures.

Remediation of Loss of Income

To date, there have been no reported issues of loss of income that resulted from measures taken to eliminate the use of forced labour and child labour within the organization or its supply chain.

Training

As part of our training policy, our onboarding training of new employees includes a number of human resource and safety policies.

KLI provides appropriate training to all Senior Management, Management, Human Resources, Administration and Purchasing/Procurement staff on the understanding of the policies and procedures regarding Forced Labour and Child Labour and how it pertains to their job responsibilities. Training is mandatory for these employees. To date, Senior Management and Management have been trained on this Policy with Human Resources and Purchasing/Procurement staff to be trained in the subsequent fiscal year.

A training plan was created internally which included the following;

- Information on the Act
- Review of KLI's Policy on Forced Labour and Child Labour
- Actions taken by KLI to ensure compliance in our business relationships and our supply chain
- Subsequent actions to follow

Assessing Effectiveness

KLI will regularly monitor the Human Resources records to ensure compliance to the Policies and Procedures and document accordingly.

Annual reviews will be conducted by KLI Management to ensure all personnel are up to date with their training and information pertaining to the Act and will be documented for completion.

Supplier and Subcontractors will be required to complete an initial Supplier Certification form or provide a copy of their policy regarding this matter to ensure compliance. Purchasing/Procurement department will ensure all suppliers have complied with this. KLI Management will regularly monitor this process. To ensure ongoing compliance, KLI will contact suppliers annually to receive confirmation that the previous agreement and/or policy is still valid and in place. If required, KLI will request documentation from the supplier to confirm their compliance to regulations.

KLI Management will conduct periodic assessments to ensure 100% compliance to this Policy.

Conclusion

KLI remains committed in ensuring our operations and our supply chain, adhere to the highest ethical standards, including the prevention of Forced Labour and Child Labour in our operations and our supply chain.

KLI's policy is publicly available throughout the Company and is communicated to all workers. The policy is available to others by request in writing to KLI Management.

Approval and Attestion

This report was approved by the Chief Executive Officer of the company.

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 of the entity or entities listed above. Based on my knowledge, and have 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.



Mark K. Kellett, C.E.O.
K-LINE INSULATORS LIMITED
May 29, 2024

I have the authority to bind the Corporation.