





FORCED LABOUR AND CHILD LABOUR IN SUPPLY CHAINS KLONDIKE LUBRICANTS CORPORATION

KLONDIKE Lubricants Corporation is committed to preventing Forced Labour and Child Labour in Canadian Supply Chains, and we recognize our role in upholding transparency and ethical business practices. Established for more than two decades, KLONDIKE Lubricants Corporation (“KLONDIKE”, the “Company”) is registered and headquartered in British Columbia, Canada. KLONDIKE is engaged in the sale of a range of high-performance oils, lubricants, greases and fluids for industries including mining, forestry and construction. As part of our ongoing efforts to prevent forced labour and child labour within our operations and supply chains, we present this statement for the financial reporting year ended on September 30, 2023.

For the year ending September 30, 2023, KLONDIKE initiated the process of identifying risks in the supply chain to detect the presence of forced labour and child labour. The risk assessment was conducted on direct suppliers.

OUR STRUCTURE

KLONDIKE is privately owned and operated from Langley, British Columbia, Canada. We have a horizontal organizational structure with all department heads reporting to the CEO. During the year ending September 30, 2023, our team located across all regions in Canada and in the west coast of the United States. KLONDIKE complies with all applicable regional regulations in creating a safe and healthy workplace.

OUR ACTIVITIES

Procurement and Manufacturing: We collaborate with our manufacturing partners on producing various lubricants such as Heavy-Duty Engine Oils, Automotive Engine Oils, Gear Lubricants, Transmission Fluids, Hydraulic Fluids, Industrial & Functional Fluids, Greases, Biodegradable Lubricants, Food-grade lubricants, and Antifreeze Chemicals. Our manufacturing partners are mostly located in the United States and Canada.

Sale and Distribution of Products: The finished lubricant products are shipped to our partner warehousing facilities, with five facilities located across Canada and one in the United States. These distribution centers play a crucial role in the overall supply chain. Products are sold and shipped from these facilities to across Canada and the United States.

Locations of Operation: Klondike’s operations are located in both Canada and the United States, with the headquarter in Langley, British Columbia, and distribution centers located in Alberta, British Columbia, Ontario, Quebec, New Brunswick, and Salt Lake City.

OUR SUPPLY CHAIN

At KLONDIKE, our supply chain revolves around finished products intended for wholesale. These products include a diverse range of industrial lubricants, such as Heavy-Duty Engine Oils, Automotive Engine Oils, Gear Lubricants, Transmission Fluids, Hydraulic Fluids, Industrial & Functional Fluids, Greases, Biodegradable Lubricants, Food-grade lubricants, and Antifreeze Chemicals. For manufacturing, we collaborate with manufacturers across different regions, including the United States, Canada, United Kingdom, and the United Arab Emirates. Our manufacturing partners handle the production, ensuring quality and consistency. Once the finished products arrive in our partner warehouses, these warehouse facilities serve as hubs for inventory management, allowing us to maintain optimal stock levels. Our logistics and distribution partners are strategically located in both Canada and the United States, enabling efficient delivery of products to our customers.

RISKS OF FORCED LABOUR AND CHILD LABOUR IN OUR SUPPLY CHAIN

We evaluate the risks in our supply chain through three key categories: (1) country-level risk; (2) operation risk and (3) selection process risk. We use the results to update our processes and due diligence approach. On-the-ground findings from our teams also trigger updates to our risk assessments.

- **Country-level risk:** Our supply chain partners are strategically located close to our headquarter in Canada with a combined concentration of 98%. Consulted the resource from “The U.S. Department of Labour’s Bureau of International Labour Affairs (ILAB)”, both the United States and Canada are classified as low risk for forced labour and child labour in their supply chains. This designation is a result of their robust legal frameworks, effective enforcement mechanisms, and strong commitment to protecting labour rights.
- **Operation risk:** KLONDIKE operates solely from our head office located in British Columbia, Canada, with additional remote workers situated across the other regions of Canada and the United States. Currently, all of our employees across the United States and Canada were hired voluntarily and in accordance with the labour laws of Canada and the United States. We confirm no presence of forced and child labour in our head office operations.
- **Selection process risk:** Central to our strategy is establishing sustainable partnerships with suppliers, enabling us to recognize, assess, and tackle risks effectively. We purposefully maintain a streamlined and carefully selected supply chain, evaluating all potential suppliers based on financial standing, reputation, and their adherence to labour rights. Approval of a new supplier hinges on meeting our performance criteria.

DUE DILLIGENCE

KLONDIKE undertakes due diligence efforts to assess the presence of forced labour and child labour in our supply chain and operational activities. This includes a multi-faceted approach:

- **Vendor Selection:** We vet potential vendors, ensuring they align with our ethical standards and adhere to labour laws. This involves evaluating their labour practices, compliance history, and commitment to human rights.
 - a) **Preliminary Evaluation:** Our due diligence process typically commences with an initial assessment of the supplier's reputation, industry standing, and track record. We delve into their operational history, customer feedback, and any notable accolades or certifications.
 - b) **Sampling and Documentation Request:** Upon establishing initial interest, we request samples of the supplier's products for thorough evaluation. Additionally, we review documentation regarding the composition, sourcing, and production processes involved. We also request suppliers to provide registration documents and certifications to ensure they are in adherence to applicable regulatory requirements.
 - c) **Factory Visit and Inspection:** Following the satisfactory evaluation of samples and documentation, we perform on-site visits to suppliers. This visit is conducted by a cross-functional team comprising representatives from each operational area. Our team conducts inspections of the suppliers' premises, assessing factors such as cleanliness, organization, adherence to safety protocols and labour laws. We engage in face-to-face discussions with personnel from various departments. These interactions provide valuable insights into the suppliers' management practices and identify any potential areas carrying the risk of forced and child labour. Throughout the visit, our team visually corroborates the information provided, ensuring alignment between stated practices, and observed realities.
- **Site Visits and Ongoing Monitoring:** We regularly conduct on-site visits to key suppliers and assess working conditions and labour practices firsthand. These visits provide valuable insights into the treatment of workers and any potential risks of forced and/or child labour.
- **Collaboration and Engagement:** We encourage key suppliers to promote awareness of ethical labour practices and provide support in implementing improvements. This collaborative approach fosters a culture of transparency and accountability throughout our supply chain.

KLONDIKE aims to not only identify and address instances of forced labour and child labour but also to prevent their occurrence in the first place. While there may be gaps in our approach, we will continue to provide training and resources to our staff and share resources among our supplier network to uphold human rights and promote responsible business conduct.



REMEDATION MEASURES

Based on the assessment performed, we are not aware of any risk of forced labour and child labour within our activities and supply chains, and as such, no remediation measures are required.

REMEDICATION OF LOSS OF INCOME

We have not identified any loss of income to vulnerable families resulting from actions taken to eliminate the use of forced labour or child labour in our activities and supply chains.

TRAINING AND RAISING AWARENESS

Acknowledging the critical need to prevent forced and child labour, we will implement the following initiatives in 2024 to train our employees and increase awareness:

- We will source a reputable training program to enhance our employees' awareness of ethical sourcing and mitigate risks such as forced and child labour.
- We will further improve our processes for due diligence, supplier assessments, and ongoing monitoring to identify and address labour risks. This training will provide guidance on conducting supplier interviews, site visits, and document evaluations for regulatory compliance.
- We will develop customized policies and questionnaires as integral components of our standard protocols. These will include obtaining written acknowledgments from suppliers, confirming their compliance with labour laws and ethical standards.

These initiatives will empower employees to stay current on industry best practices and emerging trends in responsible business conduct, enabling them to make informed decisions and identify potential forced or child labour risks in our supply chain and operations.

ASSESSING EFFECTIVENESS

KLONDIKE has conducted an extensive risk assessment of our supply chain, considering factors such as the source country, product type, and financial significance. Our evaluation has affirmed the effectiveness of our measures. We regularly conduct self-reviews and improvements of our due diligence policies and practices, ensuring they are completed and promptly address any forced and child labour risks. Additionally, we perform ongoing monitoring and regular on-site visits to our supply chain partners to assess working conditions and labour practices firsthand. We are confident that our measures to manage risks related to forced and child labour are well structured. Moving forward, we will further enhance our employee awareness as an additional measure.



REPORT 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 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. I have the authority to bind KLONDIKE Lubricants Corporation.

A blue ink handwritten signature, appearing to read 'Liroy Haddad', written in a cursive style.

Liroy Haddad
President

Date: May 30th, 2024