

MODERN SLAVERY REPORT OF LGG INDUSTRIAL, LP FOR 2023

1. Introduction

This report is prepared on behalf of LGG Industrial, LP (“**LGG Canada**”), and describes the actions taken by LGG Canada during the financial year from January 1 to December 31, 2023 (the “**Reporting Period**”) to assess, prevent, and reduce the risk that forced labour or child labour is used at any step in its operations and supply chains pursuant to the requirements of Canada’s *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “**Act**”). The term “**Forced Labour**” is used to encompass both forced labour and child labour as defined in the Act.

LGG Canada is part of the LGG Industrial group of companies (“**LGG**” or the “**Company**”). LGG is committed to the preservation of its reputation and integrity through compliance with applicable laws, regulations and ethical standards in each of the markets in which the Company operates. More specifically, LGG is committed to respecting human rights and to preventing Forced Labour from occurring in any of its own operations or throughout its supply chains.

LGG Canada implements and abides by the policies and procedures of LGG. This report outlines the approach and initiatives by LGG to identify and address the risk of Forced Labour in its business operations and supply chains within the Reporting Period.

2. Corporate Structure, Activities, and Supply Chains

LGG is a US corporation with various locations across the United States and Canada. LGG, formerly ERIKS North America, is a leader and an industry-preferred partner for industrial companies looking for fluid handling, sealing, and material conveyance solutions. Headquartered in Pittsburgh, Pennsylvania, United States, LGG has decades of experience servicing for the North American industrial market with deep technical know-how and customized customer service.

LGG specializes in the design, manufacturing, and supply of custom-designed hose assemblies and rubber accessories. LGG serves major original equipment manufacturers in sectors such as mining, agricultural, chemical, mining, construction, food and beverage, oil and gas, power generation, forestry, turf, and other industries.



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LGG has facilities all over the United States and Canada. In Canada, LGG has branches in Alberta, British Columbia, Manitoba, Ontario, Saskatchewan, Quebec.

LGG is a distributor of industrial products for fluid transfer, sealing, and material handling solutions. These products largely consist of industrial hoses, hydraulic hoses, conveyor belts and gaskets. LGG currently does business with approximately 500 suppliers located primarily in the US and Canada, as well as India and China. LGG also manufactures industrial hoses at its facility in Collingwood, ON.

LGG employs approximately 1,000 employees worldwide with over 240 employees in Canada.

3. Policies, Governance, and Due Diligence

LGG Industrial is committed to conducting its business in an ethical and responsible manner and to compliance with applicable laws, regulations and ethical standards in countries and regions it operates. All employees are expected to adhere to these laws, regulations, and ethical standards, and LGG's management is responsible for ensuring such compliance.

To underline the importance of this commitment, LGG has formalized its position on legal requirements and related ethical standards in various policies and procedures, including the Code of Conduct, as well as the Code of Conduct for Business Partners (the "**Code**") that is available on LGG's [website](#).

The Code of Conduct

The Code of Conduct underscores LGG's commitment to conducting legal, ethical, and honest business and outlines the basic standards that should be adhered to in all LGG's activities. The Code of Conduct applies to all LGG employees. It also requires LGG's service providers, including consultants, and advisors, to respect the principles in the Code of Conduct.

The Code of Conduct explicitly states that LGG supports the Universal Declaration of Human Rights and will not use any form of Forced Labour.

The Code of Conduct also sets out that its principles are a part of the selection criteria for new business partners and are included in the periodic review of LGG's relationships with existing business partners. When a business partner demonstrates a different opinion on



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legality or is conducting business in such a way that does not reflect the values of the Code of Conduct, this could result in a discontinuation of the business relationship.

The Code of Conduct for Business Partners

The Code serves as a guide setting out LGG's standards and expectations with respect to ethical business dealings. In this respect, LGG adheres to the objectives and principles as laid down in the following international documents: United Nations (UN) Global Compact; Universal Declaration of Human Rights; United Nations Convention against Corruption; United Nations Global Compact; ILO Code of Practice in Safety and Health, ILO International Labor Standards; OHSAS 18001 Health & Safety Standard; International Organization for Standardization (ISO); OECD Guidelines for Multinational Enterprises; Transparency in the supply chain relating to Child Labor Directive (EU); Transparency in the supply chain (UK).

LGG strives to ensure that it partners with organizations who respect and abide by recognized human rights standards. Accordingly, the Code applies to all of LGG's suppliers, representatives, distributors, agents, and other service providers.

LGG requires its business partners to avoid/prohibit any behaviour that, directly or indirectly, involves dishonesty, fraud, deceit, bribery or corruption, or that damages their own or LGG Industrial's reputation, integrity, or competence.

The Code mandates respect for basic human rights and explicitly prohibits abuse and exploitation of people. For example, the Code requires that LGG business partners recognize and respect employees' rights to safety, minimum wage, and maximum number of working hours and provided the employees with fair working conditions and remuneration. Furthermore, LGG business partners are required to ensure that their employees, as well as the employees of their suppliers, have a minimum age as prescribed by local law (or, if there are no such local laws, that the employees are not under the age of 15), and that there is no forced labour in their supply chain.

Business partners are responsible for ensuring that their own suppliers comply with laws and regulations, as well as the standards of the Code. Business partners are also required to cooperate with LGG and provide information to support the proper investigation of possible incidents or breaches of any of the provisions of the Code. LGG asserts the right to visit the business partners sites for physical examinations.



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Ethics and Compliance Reporting system/Hotline

LGG values an environment where open, honest communications are the expectation, not the exception. LGG's ethics and compliance efforts are enhanced by its Ethics and Compliance Reporting system/Hotline (the "**Hotline**").

Employees, business partners, as well as third parties have the opportunity to voice concerns or report irregular behavior or violations of LGG's policies or standards. The Hotline allows for reports to be made anonymously and in confidence.

The Hotline is an important tool for identifying and mitigating risks associated with Forced Labour within LGG's supply chain. By providing this anonymous reporting mechanism, LGG ensures that potential violations can be addressed promptly, enhancing the overall integrity and transparency of its operations and supply chain management.

Due Diligence

LGG follows a comprehensive 7-step sourcing procedure that provides a structured approach for responsible sourcing and procurement processes.

This sourcing procedure outlines the scope of due diligence to be undertaken by an LGG procurement specialist to make a well-informed and balanced sourcing decision based on, among other things, the assessment of the supply chain risks. This due diligence includes the identification of the supplier base, gathering of market intelligence, due diligence pertaining to specific suppliers, supplier ranking, as well as the risk assessments on a project-by-project basis. Exercising this type of due diligence allows us to identify "red flags" in connection with potential partners, including whether or not we have concerns around human rights abuses.

4.3. Risk Assessment, Management, and Remediation Measures

LGG is committed to assessing and addressing potential Forced Labour risks in its supply chain and to using appropriate measures to remediate any adverse effect identified.

To date, LGG has identified several specific parts of its business and supply chains that carry risks of Forced Labour. These risks are primarily based on the raw materials used in the supply chain and the products LGG sources, largely in the tier two and three suppliers. Overall, LGG considers that the risk of Forced Labour non-compliance in its supply chain is



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low because the preponderance of the goods it sources come from the US and Canada . However, the risk identification process is still ongoing.

LGG has not identified any instances of Forced Labour in its activities or supply chains, or any instances of loss of income of the vulnerable families as a result of the steps the Company has taken to eliminate risks of Forced Labour. For this reason, no remediation measures have been necessary within the Reporting Period.

5.4. Training

Within the Reporting period, LGG has not provided training on Forced Labour issues.

6.5. Assessing Effectiveness

Within the Reporting Period, LGG has not taken any specific action to assess its effectiveness in preventing and reducing risks of Forced Labour in its supply chains.

8.7. Approval and Attestation

This report was approved pursuant to subparagraph 11(4)(a) of the Act by LGG Industrial, ULC as the general partner of LGG Industrial, LP.

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 Period listed above.

Signature

I have the authority to bind LGG Industrial.



Nicholas Cafardi, Secretary of LGG Industrial, ULC

31 May 2024



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