

# 2023 Forced Labour and Child Labour Report

## Introduction

This report is produced by LMI Technologies Inc. for the financial year ending December 31, 2023. It sets out the steps taken to prevent and reduce the risk that forced or child labour is used in the production of goods in Canada or elsewhere, or of goods imported into Canada by LMI Technologies.

This report constitutes the first reporting by the corporation under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (Canada).

## Measures to prevent and reduce the risk of forced labour and child labour.

As part of the TKH Group, LMI Technologies operates internationally and conducts its business according to the principles of honesty, integrity, accountability, and transparency. As a company, we do everything possible to support and respect internationally recognized human rights. We do not want to be involved in circumstances that affect the dignity of the human being in an adverse way in any capacity. LMI recognizes the relevant standards and principles as set out in the Universal Declaration of Human Rights. LMI respects the host countries in which we operate, but in no way tolerates corruption or human rights violations.

In general terms, we took the following steps during the reporting period to prevent and reduce the risk of forced or child labour in our supply chains:

- In compliance with our policies, we conducted an annual review of our code of supply with suppliers to ensure compliance.
- The Strategic Sourcing and Purchasing teams, including their management contingent, have undergone modern slavery awareness training using externally developed materials
- We have conducted on-site audits with major suppliers

## Structure Activities and Supply Chains

LMI Technologies is a global leader in smart 3D technologies. Headquartered in Burnaby, British Columbia, and with offices worldwide, LMI designs, develops, manufactures and markets an array of smart 3D sensor devices.

LMI's products are manufactured in Canada (Burnaby, Surrey) and Finland (Oulu). Operations conducted at these facilities vary from machining of component parts, sub assembly and final product integration, to product design, software development & marketing. Sales and support of LMI's products are done through various offices worldwide including: China (Suzhou, Shenhzen, Shanghai), USA (Cupertino, Detroit, Boston), Germany (Berlin, Munich), Japan (Tokyo), India (Bengaluru), Netherlands (Kerkrade), Taiwan China (Taipei City), and Korea (Suwon).

LMI's global supply chain consists of component and product suppliers of mechanical, electrical, and optical components and assemblies. Most of these materials, components and assemblies are provided by suppliers with long-standing relationships and agreements. As of December 31, 2023 LMI has over 93 direct suppliers located in 14 countries worldwide.

## Policies and Due Diligence Process

### Code of Conduct

As part of the TKH Group of companies, LMI adheres to the TKH code of conduct. The code of conduct is available on the TKH website: <https://www.tkhgroup.com/en/csr/integrity/>. The code of conduct applies to all of our employees and executives and seeks to ensure that LMI conducts its business according to the principles of honesty, integrity, accountability, and transparency.

### Code of Supply

As part of the TKH Group of companies, LMI and its suppliers adhere to the TKH Code of Supply. The code of supply can be found on the governance page of the TKH website: <https://www.tkhgroup.com/en/csr/governance/>. In 2023 LMI extended the requirements for signing of the code of supply to all suppliers with more than \$100,000 USD annual spend.

### Conduct towards Human Rights

Our suppliers respect and comply with the fundamental rights granted to all employees under applicable national statutes. Furthermore, we expect our suppliers to fully recognize the labour standards issued by the International Labour Organization (ILO), taking into due account the applicable laws and regulations in different countries and at different sites. This includes, but is not limited to, the following subjects:



- Employment should be freely chosen in accordance with the Universal Declaration of Human Rights.
- We expect our suppliers to prohibit and refrain from any kind of forced or child labour within their organization.
- We expect that our suppliers promote equal opportunities and equal treatment. Furthermore, we expect our suppliers to prohibit any form of discrimination in recruiting, promoting or selecting employees for basic or advanced training programs. Within the organization of our suppliers, no employee may be discriminated against based on his or her gender, age, ethnicity, nationality, sexual orientation, disabilities, union membership, political affiliation or religious conviction.
- We expect our suppliers to respect employee's rights with regard to collective bargaining and freedom of association.
- We expect our suppliers to fully comply with applicable national statute on working time. Furthermore, we expect that the employees of our suppliers receive a remuneration which is in line with applicable national statute.

## Determining the Risk of Occurrence of Forced Labour or Child Labour

### Among our personnel

We believe appropriate steps have been taken to eliminate the risk of occurrence of forced labour or child labour among our personnel. LMI's Executive team and the Human Resources team oversee the application of our human resource policies. Our recruiting processes ensure compliance with the standards and guidelines as set out in the Universal Declaration of Human Rights.

### Within our Supply Chain

LMI does not procure services or materials from countries where the rule of law has broken down and there is no guarantee of human rights as identified by the International Trade Union Confederation (ITUC). In addition, LMI's business requires specialized materials where the risk of forced labour in the supply chain is minimal due to the nature of the manufacturing processes.

LMI maintains an active supplier audit program along with a supplier performance management program for key suppliers based on quality and risk.



## Remediation Measures

In the last financial year (reporting period), we have not identified any incident of forced labour or child labour in our activities or supply chain. If a situation of non-compliance is identified, LMI will work to develop and implement a corrective plan to remedy the situation immediately.

## Training

LMI employees all receive Modern Slavery training as part of the onboarding process. Policies around Modern Slavery, Child Labour, and the TKH Code of Conduct are all contained within the Employee Handbook which staff are refreshed on and sign off on annually. In addition, Supply Chain personnel have undertaken externally prepared Modern Slavery awareness training.

## Assessing Effectiveness

LMI has in place a number of measures to prevent and reduce the risk that forced labour or child labour is used in our activities and supply chains. While we have not yet taken actions to assess the efficiency of these measures, LMI intends to assess the effectiveness by increasing the number of supplier audits annually and increasing the scope of such audits to ensure compliance with human rights policies and regulations.

## Approval and Attestation

This report was approved by the executive team of LMI Technologies for the financial year ending December 31, 2023, in accordance with subparagraph 11(4)(a) of the Act.

In accordance with the requirements of the Act, and in particular section 11 thereof, I hereby attest that I have reviewed the information contained in the report. To the best of my knowledge and after having exercised due diligence, I attest that the information in this report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.



Mark Radford

CEO, LMI Technologies Inc.

May 21, 2024

