

# Modern Slavery Statement

Fighting Against Forced Labour & Child Labour in Supply Chains

## 2023 Financial Year



[www.lafertna.com](http://www.lafertna.com)

In accordance with Bill S-211 *Fighting Against Forced Labour and child Labour in Supply Chains*, this statement outlines the steps that Lafert North America Inc. (Lafert) has taken to assess and reduce the risks of modern slavery within our business and supply chain. Throughout this report we will use the umbrella term of “modern slavery” to encompass forced labour, child labour and slavery-like practices which occur when coercion, threats or deception are used to exploit individuals and deprive them of their freedoms.

Lafert North America Inc. is:

- a Canadian Corporation
- registered in the province of Ontario (BIN 1245365326)
- in the industry of wholesale trade

This statement was approved by Lafert’s Board of Directors on May 21, 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 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.

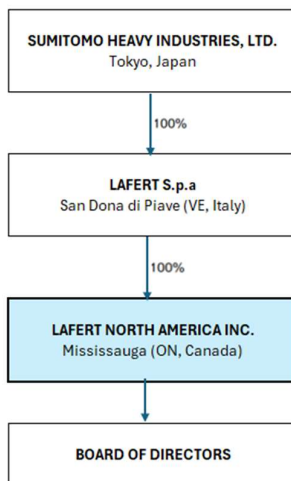


Sean Hickey  
President & CEO  
May 21, 2024

I have the authority to bind Lafert North America Inc.

Lafert has been supplying premium Italian manufactured metric electric motors, gear boxes, pumps, and parts to Canada, the United States and Mexico since 1989 from its headquarters in Mississauga, Canada.

In 2021, Lafert was acquired by our primary supplier and now parent company, Lafert S.p.A (Lafert Group) located in San Dona di Piave, Italy. Lafert Group are European leaders in the designing and manufacturing of customized electric motors and drives. Since 2018, Lafert Group has been part of Sumitomo Heavy Industries, Ltd. founded over 400 years ago in Japan and listed on Tokyo Stock Exchange.



We are a small, but mighty team of twenty-four, taking pride in making an impact. We consistently provide complex, integrated solutions, and deliver the results our customers need.

We work collaboratively with our customers and have long-standing relationships across many industry sectors and business sizes – from global multinationals to independent businesses. Our motors can be found in a multitude of industrial automation and energy efficiency applications: industrial machines, material handling, HVAC, air technology, and renewable energy to name a few.

Our values drive performance, culture, and outcomes. They directly inform and sustain a shared commitment to excellence and integrity. We prioritize the outcome – for our customers, our team, our community – by prioritizing how we get there.

## **Our commitment –**

Consistent with our values and Code of Conduct, Lafert is committed to acting ethically and with integrity in all business dealings and relationships, and taking all appropriate steps to ensure modern slavery is not taking place in our own business or supply chain.

The company expects each of its suppliers, contractors, and service providers to share our commitment to act lawfully and ethically and to work to ensure that modern slavery is not taking place within its organization or within its supply chain.

Addressing modern slavery risks is complex and Lafert is committed to strengthening and refining its response to modern slavery, focusing on higher risk areas of its supply chain.

## **Our Policies & Procedures -**

Lafert does not tolerate forced labour, child exploitation, human trafficking, or any form of modern slavery. We have several policies and procedures that demonstrate our approach to identifying and addressing modern slavery risk in our operations. We are constantly reviewing our policies and procedures to ensure alignment with legislative requirements:

- Supplier Code of Conduct
- Code of Ethics
- General Code of Conduct
- Human Rights and Diversity in the Workplace
- Anti-Bribery Policy
- Whistleblower Policy

These policies encompass our core values and shape our daily operations. They are included in the onboarding of new employees' training. All employees must formally sign off their understanding and acknowledgment of each policy.

## Identifying risk –

As the North American distributor of our parent company's products, we assess the risk of forced and child labour within our day-to-day business operations to be very low. This assessment is supported by our employment policies, the employment law framework within which we operate, and Lafert Group's commitment to Social Responsibility. (<https://www.lafert.com/en/corporate/6/53>).

## Supply Chain

### Primary Supplier

Lafert sources goods and services to support the sale and distribution of metric electric motors, gear boxes, and related parts. Goods are predominantly sourced in Italy from our parent company (approximately 90% of our purchases). Most of the goods we procure come from suppliers based in Europe, and services are primarily from Canadian providers with whom we engage on a long-term basis.

### Secondary Suppliers

We acknowledge that some of our suppliers and subcontractors of our primary supplier, including manufacturing plants and sourcing of raw materials, may be located overseas. Visibility over these suppliers is limited; however, Lafert strives to increase transparency using our supplier engagement tools such as the *Supplier Code of Conduct*.

### Local Procurement

Operating across North America, Lafert seeks to engage suppliers located regionally and support local communities where we can.

We have not identified any forced labour or child labour in our activities and work is ongoing identifying risks in our supply chain. As a result, no remediation activity was required during the period, and we have not identified any loss of income to vulnerable families.

## Actions to reduce risk –

Our commitment to managing the risk of modern slavery within our operations is supported by our recruitment and employment policies and corporate focus on Social Responsibility.

**In our first reporting period we have focused on managing risk that exists in our activities by:**

- Recognizing and assessing forced and child labour as part of Lafert's ongoing corporate risk assessment.
- Assessing our policies and training of our employees surrounding Social Responsibility.

**Action that has recently been taken or is planned in the near term in support of managing the risk of forced and child labour include:**

- Developing a *Suppliers Code of Conduct* policy and obtaining declarations from our suppliers Recognizing and assessing modern slavery risk as part of the company's ongoing enterprise risk assessment.
- Assessing the policies, systems and controls we already have in place to prevent and mitigate modern slavery risk.
- Developing and delivering programs designed to raise awareness of modern slavery risk with particular emphasis on those with responsibility for procuring goods and services.
- Formalizing new supplier due diligence processes in respect of modern slavery.
- Engaging with our existing suppliers to better understand how they are managing modern slavery risk, and taking appropriate steps where suppliers fall short of our expectations.
- Commencing mapping our supply chain and undertaking a supplier risk assessment.
- Updating the corporate website for Lafert's commitment to Social Responsibility and to meet the disclosure requirements of Bill S-211.
- Training for newly hired employees includes the complete package of Social Responsibility policies and training is conducted with employees to raise awareness and understanding regarding Bill S-211.

## Assessing effectiveness of actions to address risk –

Lafert operates with strong and robust governance structures designed to ensure the company appropriately identifies and manages risk.

The effectiveness of Lafert's actions to address forced labour and child labour will be tracked in subsequent years through the following metrics on an annual basis:

- Education and training: participation of relevant employees
- Awareness: the provision of appropriate materials to suppliers and employees
- Feedback: action taken in response to any feedback received from internal or external stakeholders
- Supplier engagement: completed declarations received
- Mitigation: the timeliness of actions where any grievances or breach of policies have been identified

