

FIGHTING AGAINST FORCED LABOUR AND CHILD LABOUR IN SUPPLY CHAINS

2024 Annual Report

Legislation: *Fighting Against Forced Labour and Child Labour in Supply Chains Act*

Reporting Year: 1

Period: May 1, 2023 – April 30, 2024

Accountable Signing Authority: Andrew McLean, Chief Executive Officer



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TABLE OF CONTENTS

Company Overview	3
Part I – Structure, Operations and Supply Chains	3
Part II – Policies and Due Diligence Processes	4
Part III – Risks of Forced Labour and Child Labour in Operations and Supply Chains	6
Part IV – Measures to Remedy Forced Labour and Child Labour	6
Part V – Measures to Remediate the Loss of Income to those Impacted by the Elimination of Forced Labour and Child Labour	7
Part VI – Training Provided to Employees.....	7
Part VII – Assessing Effectiveness of Actions against Forced Labour and Child Labour	7
Attestation.....	8



Company Overview

In accordance with the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, SC 2023, c 9 (the “*Supply Chain Transparency Act*”), this statement outlines the measures implemented by Liburdi Dimetrics Corporation, Liburdi Turbine Services Inc. and Liburdi Engineering Limited (altogether, “Liburdi”) to address the risks of modern slavery, including but not limited to forced and child labour¹ within our operations and supply chain.

At Liburdi, we actively uphold human rights and work to prevent any violation of others’ human rights through the policies and procedures we have established, including a Policy on the Prohibition of Forced Labour, Child Labour, Modern Slavery and Human Trafficking, as well as our Statement Against Modern Slavery and Human Trafficking. Liburdi also has various policies in our Employee Handbook - Ethics and Conduct Section pertaining to human rights issues such as Non-Discrimination, Equal Opportunity, Violence and Harassment Prohibitions, and Relationship Conduct etc.... We are committed to establishing safe, inclusive, and respectful work environment wherever we conduct business. We value the fundamental rights of our employees and all who work within our supply chain, which encompass freedom from slavery and child labour, equal opportunities for all, a safe and healthy workplace, and freedom from discrimination and harassment.

Liburdi continues to develop and expand our understanding of the risks associated with the complex issue of modern slavery and to identify areas within our operations and broader supply chain that may be impacted by such challenges. We will collaborate across our business and supply chain to implement appropriate practices that mitigate and address potential risks.

Modern slavery is completely unacceptable within our organization and supply chains. Liburdi acknowledges our responsibility to uphold the rights of individuals working for our organization, as well as those associated with suppliers and business partners who prioritize human rights for their own employees. Recognizing that human rights issues require multifaceted approaches, we consider it crucial to engage with all stakeholders to promote awareness and foster understanding.

Part I – Structure, Operations and Supply Chains

Our Structure

Liburdi Engineering Limited is a corporation incorporated under the laws of Ontario. Liburdi Engineering Limited wholly owns Liburdi Turbine Services Inc. and Liburdi Dimetrics Corporation and is headquartered in the Greater Hamilton Area, Ontario.

¹ As these terms are defined pursuant to section 2 of the *Supply Chain Transparency Act*.



Liburdi has over 300 employees in Canada and is committed to establishing safe, inclusive, and respectful work environments wherever we conduct business.

Our Operations

Liburdi Turbine Services Inc. is an industry leader in gas turbine repair services as well as the provision of state-of-the-art automated welding solutions to difficult challenges in the aerospace, power, industrial, and medical industries. Liburdi Dimetrics Corporation is leading developer of orbital welding systems for pipe and tube applications. With a range of GTAW, GMAW, PAW, and Hot Wire orbital weld heads and power supplies, we specialize in precision welding for various industries, including nuclear, power generation, shipbuilding, petrochemical, pharmaceutical, semi-conductor, and aerospace. Our commitment to innovation and quality ensures that we provide the best solutions to meet our customers' evolving needs.

Our Supply Chains

The Liburdi Group works with suppliers that share our commitment to social, ethical, and environmental responsibility.

Our main Suppliers provide a wide range of goods and services, which include:

- Electronic and Electrical components;
- Machined components;
- Abrasives and Chemical products;
- Plant and equipment maintenance;
- Information and technology products and services;
- Raw Materials;
- Operational services (i.e., accommodation, transportation, training);

Part II – Policies and Due Diligence Processes

Liburdi has a robust set of policies, codes, and procedures addressing its obligations to treat our team members, clients and suppliers with the highest possible level of dignity and respect, as well as our expectations that our contractors, vendors, and suppliers do the same. These documents include Non-Discrimination, Equal Opportunity, Violence and Harassment Prohibitions, and Relationship Conduct.

In addition, Liburdi is in the process of putting in place new policies, procedures, and due diligence measures specifically to address the complex problems of forced labour and child labour.



Our policies and practices are guided and will be guided by international and industry-leading standards, such as:

- United Nations' publications, such as the UN Guiding Principles on Business and Human Rights (UNGPs) and Universal Declaration of Human Rights
- International Labour Organization Conventions
- National or local laws, conventions, etc., including workplace safety laws, human rights laws and labour/employment standards law.

Liburdi supports the goals of the *Supply Chain Transparency Act* and takes seriously our responsibility to act with due diligence to avoid infringing on the human rights of others and address any impact on human rights if they occur.

Supplier Terms and Conditions

Liburdi's supplier relationships are subject to purchase order Terms and Conditions. Going forward, Liburdi's purchase order Terms and Conditions will contain, among other provisions, a prohibition on the use of forced or child labour by suppliers, and other risk mitigation and enforcement language, including audit rights for Liburdi. If a supplier, contractor or consultant has its own contractual language that mirrors Liburdi's commitment to human rights, Liburdi may accept their language instead of or in addition to the language in the purchase order Terms and Conditions.

Human Rights and Human Trafficking Policies

Liburdi has a Statement Against Modern Slavery and Human Trafficking and Policy Against Forced Labour, Child Labour, Human Trafficking and Modern Slavery, which guide our relationships with employees, contractors, vendors, suppliers and others through whom we conduct business. The Policy and Statement also details our clear prohibition on the use of forced labour, child labour and human trafficking in our supply chain, and our right to investigate and audit potential breaches of this prohibition.

Reporting Process

Liburdi has established reporting mechanisms through which employees, members of the public and the third parties can make good faith reports of suspected forced or child labour. Such reports are to be taken seriously, and investigated thoroughly. Liburdi prohibits the retaliation against persons bringing such reports.

Should we determine a supplier is in non-compliance with the *Supply Chain Transparency Act*, or uses, directly or indirectly, forced labour or child labour, we will notify the supplier of the breach and, where able, will cease the working relationship until corrective action is put into place.

By putting in place formal policies, and anti-modern slavery contractual provisions for colleagues and suppliers, and comprehensive compliance and monitoring standards, Liburdi will action its



commitment to healthy, safe, and respectful working conditions throughout Liburdi's supply chain. Forced labour and child labour are contrary to Liburdi's core values, which is why we intend to put strong due diligence practices in place.

Our Due Diligence Processes

Liburdi has implemented a number of due diligence measures, to ensure layers of review. As described above, our contracts with suppliers include clauses that require the suppliers to agree to not use any forms of forced or child labour in the production of goods or services provided to Liburdi, and establishes a duty to for suppliers to cooperate with reviews or audits related to forced child or labour.

In addition, we have implemented the new practice of distributing an annual questionnaire to many of our higher volume suppliers, to ascertain their risks and due diligence practices regarding forced labour and child labour. In this questionnaire, we pose questions regarding each supplier's structure, their supply chain, their employees, policies and procedures, history, and general awareness regarding forced labour and child labour in their organization or supply chain.

By reporting date, none of our suppliers had responded to this questionnaire.

Part III – Risks of Forced Labour and Child Labour in Operations and Supply Chains

Liburdi's potential exposures to indirect association of modern slavery practices come through our supply chain, as we rely on use of contracting and subcontracting services.

We expect all suppliers, regardless of the cultural, social and economic context, to meet expectations of fundamental rights for all people. This means treating their employees with fairness, respect and dignity, and following practices that protect health and safety for the people working for them.

Liburdi assesses low to minimal risk of forced labour or child labour in our supply chain. A vast majority of Liburdi's supply chains are located in North America, and subject to Canadian and US employment standards laws pertaining to the use of child and forced labour. Liburdi is not aware of any forced labour or child labour in our supply chain. Both statements are subject to the limitations of Liburdi's risk identification activities as described in more detail above and below.

Part IV – Measures to Remedy Forced Labour and Child Labour

Liburdi is not aware of any incidents of forced labour or child labour in our activities or supply chain in our past financial year, subject to the limitations of our risk identification activities as described in more detail above and below. Accordingly, Liburdi has not had to take any remedial measures in response to incidents of forced labour or child labour.



Part V – Measures to Remediate the Loss of Income to those Impacted by the Elimination of Forced Labour and Child Labour

Liburdi has not as of the date of this report become aware of any loss of income to vulnerable families resulting from our measures to eliminate the use of forced labour and child labour in our activities and supply chains.

Part VI – Training Provided to Employees

Key managers in Finance, Purchasing and Human Resources are aware of the legislation and resulting Company obligations including details contained toward developing/filing of this report.

Liburdi is currently assessing training needs and content for additional persons/job roles within our organisations. Once determined, Liburdi plans to roll out training over the upcoming Liburdi fiscal year. This training may be developed in-house or contracted to external parties.

Training will be mandatory for some job roles and optional for others as makes most sense to fulfil Company and legislative supply chain obligations. We expect training content to evolve as we gain experience and as needed to close any discovered gaps in our fulfillment of our supply chain policy objectives.

Examples of training initially planned appear below:

- Those in Senior Management who oversee staff with direct involvement in our supply chain prohibition efforts, will need to be briefed on key aspects of the legislation, our Policy Against Forced Labour, Child Labour, Human Trafficking and Modern Slavery, as well as specific responsibilities that their staff must fulfill etc.;
- Those in Purchasing roles dealing with suppliers will need to be trained in our Policy, the specific new terms and conditions for suppliers included in purchasing terms, how and when to issue questionnaires to our suppliers (as applicable), how to interpret responses etc.....

Written records of all delivered training or awareness content will be maintained and include trained date, trainer, attendee names and a summary of the key training content.

Part VII – Assessing Effectiveness of Actions against Forced Labour and Child Labour

Liburdi has not taken any actions to assess the effectiveness in preventing and reducing risks of forced and child labour in its activities and supply chains in the previous financial year. We are currently examining how best to conduct these assessments.



We will review annually our reporting document and update as necessary to ensure that it reflects the emerging consensus on best practices to address these complex issues. We also will annually review our questionnaire to our suppliers, and process to ensure continued compliance and implement any improvements required to ensure we are accurately obtaining and retaining information from our external and indirect suppliers.

Attestation

In accordance with the requirements of the *Fighting Against Forced Labour and Child Labour in Supply Chains 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.

By signing the below, I hereby confirm I have the authority to bind Liburdi Engineering Limited and its wholly owned corporations Liburdi Turbine Services Inc. and Liburdi Dimetrics Corporation.



Full Name: Andrew McLean
Title: Chief Executive Officer
Date: May 31, 2024

