



BILL S-211

An Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to Amend the Customs Tariff.

<https://www.publicsafety.gc.ca/cnt/cntrng-crm/frcd-lbr-cndn-spply-chns/index-en.aspx>

REPORT

Modern Slavery Statement for the Financial Year ended December 31st, 2023

This statement is made pursuant to Bill S-211, An Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff. This statement outlines the approach and initiatives by London Machinery Inc. to identify and address the risks forced labour and child labour in its business operations and supply chains during the financial year commencing January 1st, 2023 and ending December 31st, 2023.

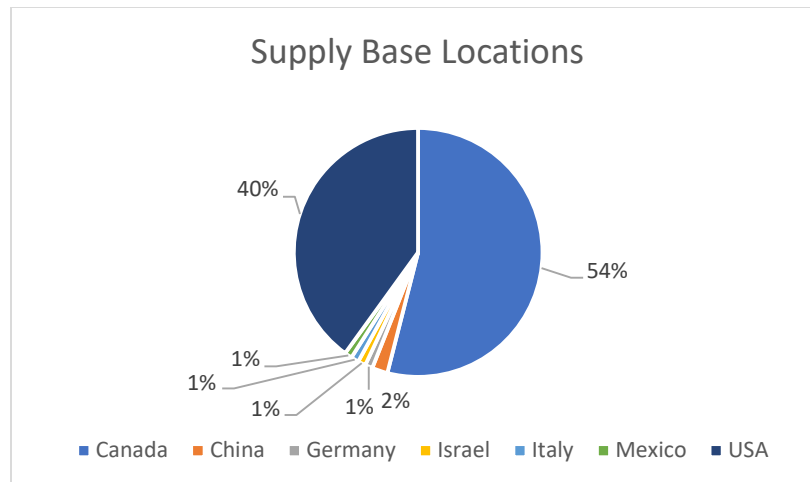
London Machinery Inc. is committed to the protection of workers and addressing any human or labour rights abuses or violations as we become aware. We hold ourselves accountable to respecting human rights with our customers, employees, communities, shareholders, along with everywhere we do business and is integral to our strategy for sustainable growth and our ability to build and operate our business.

Group Structure

London Machinery Inc. was established in 1905 as a private company and now focuses on providing products for the concrete industry.

Supply Chain

Overall, our supply chain consists of roughly 110 suppliers that account for \$80M of spend. Although we are a Canadian based company, our supply chain is primarily made up of both US and Canada based suppliers. Due to complexity and pricing, we have a limited number parts that come from outside the U.S. and Canada. Our products are packaged in London, Ontario and shipped all throughout the world with 95% of our sales going into the Canada and U.S. markets.



Risks in Supply Chain

The risks in our Supply Chain primarily surround our overseas supply base. Due to travel constraints, we do not do in person business reviews, so we do not have a firsthand look of the factory conditions and their labor force.

As our company continues to innovate our products, EV or battery-operated units are at the forefront of the market. With this brings sourcing of batteries or other EV related products that contain conflict minerals. When we begin those sourcing efforts, labour rights will be taken into consideration when selecting suppliers.

Actions Taken

London Machinery Inc. holds the position of a zero tolerance policy pertaining to human rights. All documented occurrences are taken very seriously and all actions are performed with the intent of protecting the victim as the priority.

Risk Assessment



Going forward, we have implemented our own questionnaire that will go out yearly to our supply base to ensure that conversations are had with each supplier surrounding labor laws and modern slavery. Below is the list of questions that will be asked of suppliers.

1. *I/We certify that all materials incorporated into products supplied to London Machinery Inc, comply with federal and international laws regarding modern slavery and human trafficking of the country (ies) in which LMI and the supplier are doing business*
2. *I/We certify that we do not use or condone any illegal or unethical employment practices*
3. *Do you currently have a policy or program to ensure that modern slavery and human trafficking do not exist in your operations and supply chain?*
4. *Do you have a policy about the minimum age of employees? Are all workers over the minimum working age in the jurisdiction in which they are working?*
5. *Are all employees paid at least the minimum wage established by the jurisdiction they are working in?*
6. *Do you have a documented overtime pay program that is communicated to all employees?*
7. *Do you have company standards on modern slavery and human trafficking for your employees and contractors? Have your management employees, particularly those in charge of supply chain management, been trained to understand what slavery and human trafficking are and how to mitigate risk of them in their respective supply chains? Please explain:*
8. *Do you have the company standards on non-discrimination and violence and harassment in place?*
9. *Do you employ Temporary Foreign Workers?*
 - a. *If yes, do you have a policy on ethical recruitment practices for TFW's to ensure no worker pays illegal or improper fees or is coerced into a contract of employment?*
 - b. *If yes, do you have a policy or procedure to govern the collection and retention or personal identification documents that is compliant with regulations?*

Remediation



If a complaint is raised to us surrounding forced/child labor, the following steps will be taken immediately.

1. Once notification is received by the Purchasing Manager and HR Manager, they will conduct and initial assessment of the allegations to ensure that there is sufficient information to understand the exploitation discovered
2. Document complaint and log into our health and safety report that gets shared with the MOL.
3. Complaint would then be filed with the Ministry of Labour and the Canadian Human Trafficking Hotline.
4. The Supply Chain Team would then begin the process to remove our business from whoever the complaint was filed against.

If a victim is formally identified, the following steps will be taken too protect the victim.

1. Taken to a place of safety with appropriate security
2. Supported by a colleague or trade union representative if possible
3. Provided with reassurance and welfare (food, drink, medical assistance)
4. Informed of what third parties are involved (if any)
5. Informed of the business's remediation procedure and the support that is available to them
6. Asked what remediation they are looking for, e.g. financial, psychological support; and help to provide access to relevant government or third-party remediation services such as the police (if it is safe to do so) or other recognized remediation authority within the relevant country.

Training

The following training powerpoint slide will be shared with the supply chain team on a yearly basis.





COMPANY MISSION STATEMENT

London Machinery Inc. is committed to the protection of workers and addressing any human or labour rights abuses or violations as we become aware. We hold ourselves accountable to respecting human rights with our customers, employees, communities, shareholders, along with everywhere we do business and is integral to our strategy for sustainable growth and our ability to build and operate our business.



AREAS OF RISK IN OUR SUPPLY CHAIN

- Overseas Supply Base
 - Due to travel constraints, we do not do in person business reviews, so we do not have a first hand look of the factory conditions and their labor force.
 - Please ensure that when we are doing business reviews with them, we ask some questions provided in this training.
- NPD Changes
 - Engineering is leaning forward on EV type development which will include some conflict minerals and low cost country sourcing
 - As we begin to do more sourcing in this commodity, it is imperative that a discussion is had on their labor force. We must request copies of the suppliers company policies surrounding forced labor.



QUESTIONS TO ASK SUPPLIERS

- **To what extent have you mapped your own supply chain?**
 - A company which has made moderate progress towards mapping their supply chain will have identified major Tier 1 suppliers, as well as partially or entirely mapping supply chains for key products and services. Lastly, a company who is in the early stages of this process will have identified major Tier 1 suppliers but have little to no visibility of supply chains below tier 1.
- **How have you mapped your supply chain?**
 - Have they used a third party or do they review themselves?
- **What policies does your company have in regard to modern slavery and human trafficking?**
- **What standards are your employees and contractors obligated to follow, and what are the penalties for non-compliance?**
- **What training do your employees and contractors undertake in regard to modern slavery?**
- **If modern slavery is identified in your supply chain, what sanction & remediation processes do you undertake?**
- **What are the working conditions of your workers like?**
 - How many employees do you have; where are they located, and what sort of employment relationship is involved (permanent, seasonal or contract)?
 - Do the people working for your company have access to independent whistleblowing?
 - Are they free from discriminatory practices?
 - Are the conditions they work in safe?



PROCESS IF ISSUE IS IDENTIFIED

If an issue is identified, please report it to the Purchasing manager as the following steps will be taken...

1. Once notification is received by the Purchasing Manager and HR Manager, they will conduct an initial assessment of the allegations to ensure that there is sufficient information to understand the exploitation discovered
2. Document complaint and log into our health and safety report that gets shared with the MOL
3. Complaint would then be filed with the Ministry of Labour and the Canadian Human Trafficking Hotline.
4. The Supply Chain Team would then begin the process to remove our business from whoever the complaint was filed against.



Effectiveness Assessment

Our goal, in regards to bill S-211, is 100% transparency with our supply base by ensuring that all suppliers have answered the Human/Labour Rights questionnaire. All supplier responses are documented and saved. Fortunately, we are yet to find a non conformance

We have provided the outlined training above to all 4 Supply Chain employees that work daily with suppliers and human/labour rights is a standard topic of conversation at all quarterly business review meetings.

This statement is made in pursuant to Bill S-211, An Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act for the financial year ending 12/31/2023. It has been issued on behalf of London Machinery Inc and approved by London Machinery Inc. President.



Robert Monchamp
President