

# Fighting Against Forced Labour and Child Labour in Supply Chains Act

Annual Report of Messer Canada Inc.  
for the 2023 Financial Reporting Year



## Introduction

As required under Canada's Fighting Against Forced Labour and Child Labour in Supply Chains Act (the "Act"), Messer Canada Inc. ("Messer") has drafted this report to describe its efforts, both new and ongoing, to combat forced and child labour in its operations and supply chains. This is Messer's initial (unrevised) report for the 2023 financial reporting year.

Messer, a Canadian corporation, is a leading provider of industrial and medical gases, along with related hardgoods. It is headquartered in Mississauga, Ontario, Canada, and operates in the manufacturing, wholesale trade, and retail sectors. Messer business number is 100769629RC0004, and its corporation number is 11278932.

Although it is privately held, Messer qualifies as an entity under the Act because it does business in Canada and maintains a place of business and assets in Canada.

Messer also meets the size-related thresholds stipulated by the Act because for at least one of its two most recent financial years, Messer had at least \$20 million in assets, generated at least \$40 million in revenue, and employed an average of at least 250 employees.

Messer qualifies as a reporting entity under the Act because it produces goods in Canada or elsewhere and also imports goods produced outside Canada.

## Steps taken to prevent and reduce risks of forced labour and child labour, as per subsection 11(1) of the Act

In financial reporting year 2023, Messer has taken or continued the following steps to prevent and reduce the risk that forced labour or child labour is used at any step of (i) its production of goods in Canada or elsewhere or (ii) the production of goods that it imports into Canada:

- Conducted an internal assessment of risks of forced labour and/or child labour in the organization's activities and supply chains,
- Gathered information on worker recruitment and maintained internal controls to ensure that all workers are recruited voluntarily,
- Carried out a prioritization exercise to focus due diligence efforts on the most severe risks of forced and child labour,
- Developed and implemented child protection policies and processes,
- Developed and implemented anti-forced labour and/or child labour standards, codes of conduct and/or compliance checklists,
- Developed and implemented grievance mechanisms,
- Developed and implemented training and awareness materials on forced labour and/or child labour,
- Engaged with supply chain partners on the issue of addressing forced labour and/or child labour.

## Supplementary information addressing each of the seven requirements in subsection 11(3) of the Act

### Structure, activities and supply chains

Please see Introduction, above, for discussion of structure and activities.

Messer's supply chain can be grouped in two major areas: (i) industrial and medical gases and (ii) hardgoods.

Messer's supply chain for industrial and medical gases involves several stages:

1. Raw Material Production and Sourcing: Gases are either produced or sourced from reliable and reputable manufacturers.
2. Production: Messer produces a range of gases including oxygen, nitrogen, argon, hydrogen, specialty gases, etc.
3. Storage and Handling: Produced gases are stored in appropriate containers and managed under stringent safety protocols to maintain quality and safety.
4. Distribution: The logistics network involves specialized transportation modes, including cryogenic tankers and high-pressure cylinders, ensuring timely delivery to customers across various industries.
5. End-Use Applications: Gases are supplied to sectors such as healthcare, manufacturing, energy, and food processing, where they are utilized in applications ranging from medical treatments to industrial manufacturing processes.

Messer's supply chain for hardgoods, which includes equipment and accessories used in conjunction with gases, follows a structured approach:

1. Supplier Selection: Messer partners with reliable and reputable suppliers to source high-quality hardgoods such as welding equipment, safety gear, and gas apparatus.
2. Procurement: The procurement process is managed to ensure cost-efficiency, timely delivery, adherence to quality standards, and regulatory compliance.
3. Inventory Management: Effective inventory management practices are employed to maintain optimal stock levels, reduce lead times, and ensure the availability of essential hardgoods.
4. Distribution: A robust logistics framework supports the distribution of hardgoods through various channels, including direct deliveries to customers and through our network of distribution centers and retail branches.
5. Customer Support and Service: Post-sales support, including maintenance and training services, helps ensure that customers can effectively and safely use the hardgoods in their respective applications.

### Policies and due diligence processes

Messer embeds responsible business conduct into its policies and management systems and has policies and due diligence processes in place to address the risk of forced labour and child labour.

Forced labour and child labour are addressed in section 2 of the Messer Code of Conduct ([Messer Group Code of Conduct](#)), section 6.6 of the Americas Code Supplement ([Americas Code Supplement](#)), and in the section on Human rights and labor standards in the Messer Code of Conduct for Suppliers ([Code of Conduct for Suppliers of Messer](#)).

The Declaration of Principles on Human Rights and Working Condition at Messer also addresses forced labour and child labour. The declaration was adopted in 2023 and rolled out in early 2024, while the policies referenced earlier were continued in force in 2023.

Additionally, Messer adheres to the provincial Employment Standards Act and Code. This sets down the basic conditions of employment including age in each province. Further, this is verified through our background check process prior to hire date.

### Identified risks

Messer has started the process of identifying those parts of its activities and supply chains that carry a risk of child/forced labour based on the sectors in which it operates, the types of products it produces, purchases, and distributes, and the locations of activities, operations, and factories. There remain gaps in Messer's assessments, which are ongoing.

Messer has assessed forced labour and child labour risks in its activities and supply chains based on the manufacturing, wholesale trade, and retail sectors in which it operates.

Messer believes that the risk of forced labour or child labour occurring in the production/importation of industrial/medical gases is low, considering the nature of the industry and that most of such gases are produced/sourced in Canada and the United States.

Accordingly, in addressing the identified risks associated with its supply chains, Messer's efforts are particularly focused on the imported hardgoods. These hardgoods include filler metals, welding equipment, safety gear, and gas apparatus.

Fillers metals, welding machines, and gas-handling equipment are primarily imported from the United States, while China is a major supplier of welding equipment, industrial tools, and personal protective equipment such as gloves, masks, helmets, and protective clothing. Messer, however, also imports products from other countries, including Austria and Pakistan.

### Remediation measures and remediation of loss of income

Messer has not identified any forced labour or child labour in its activities or supply chains.

Accordingly, Messer has not identified any loss of income to vulnerable families resulting from measures taken to eliminate the use of forced labour or child labour in its activities or supply chains.

### Employee training

Messer employees are required to complete an Ethics and Code of Conduct eLearning course annually, with topics that alternate between even- and odd-numbered years. One of the topics, Working with Third Parties, addresses the importance of being vigilant to signs that a supplier may be using forced labor or violating human rights. Such topic was included in the training delivered in 2022 and is planned to be delivered again in 2024. To complete the training, employees are required to certify, each year, that they have reviewed the Code of Conduct and Americas Supplement, which each include a section on protecting human rights and prohibiting forced labour and child labour. An additional module on Modern Slavery may be added to the Ethics and Code of Conduct eLearning course in the future.

### Effectiveness assessment

Messer has not taken any actions to assess its effectiveness in preventing and reducing risks of forced labour and child labour in its activities and supply chains.

**Attestation**

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 year listed above.

I further attest that this report has been approved by the Board of Messer Canada Inc. and that I have the authority to bind Messer Canada Inc.



Christian Lafleur  
Vice President & General Manager Messer Canada Inc.  
The 29<sup>th</sup> of May 2024



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