

NORQUEST INDUSTRIES INC.

Bill S-211 – An Act to Enact the Fighting Against Forced Labour and Child Labour in Supply Chains

Reporting Period: October 1, 2022 – September 30, 2023

Business Number: 89400 1080

Date: May 2, 2024

Forced and/or Child Labour Statement for the Year Ended September 30, 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 Norquest Industries Inc. to identify and address the risks of forced labour and child labour in its business operations and supply chains during the financial year commencing October 1, 2022 and ending September 30, 2023. Our organization satisfies the definition of an Entity within the Act by having a place of business in Canada, doing business in Canada, having assets in Canada, and meeting the revenue and asset size-related thresholds.

Norquest Industries Inc. is committed to respecting human rights in every area of our business. We are committed to doing everything we can to ensure our supply chain is free from forced labour and child labour.

Bill S-211 took effect after the completion of our last fiscal year-end, therefore this first report under this new legislation will be focused on the future improvements our organization will explore undertaking to better assess and mitigate the risks of forced labour and child labour within our organization and our supply chain.

Structure & Activities

Norquest Industries Inc. (Norquest) is a progressive and innovative Machine Shop based in Edmonton, Alberta. Norquest was incorporated October 1996, and since that time has been operating as a privately owned enterprise with no affiliated or partner companies locally in Edmonton. Norquest is currently employing 200 staff, all of whom are located within Alberta.

We serve a variety of industries throughout Canada and around the world. Our strategy has been to engineer, machine, manufacture and deliver solutions to our customers that not only meet their requirements but exceed their expectations. Our manufacturing capacity includes High Production, Complex Machining, Controlled Cycle, and Manual Machining capabilities.

Certifications



We are proud to be a Certificate of Recognition (COR) certified employer – certification awarded to employers who develop Health and Safety programs that meet robust established standards in the province of Alberta.

- All our machining, engineering, testing, and assembly processes adhere to a strict Quality Management System (QMS) that aligns with API Q1 10th Edition certification. We are actively working toward obtaining that certification by the end of 2024. Our QMS is controlled by our extensive Quality Assurance Department.

Supply Chain

Norquest sources the following types of products/services, as inputs to our manufacturing processes and business management:

- Raw materials (alloy and non-alloy steel, iron, aluminum, copper, etc.)
- Sub-contracted services (heat treating, threading, coatings, machining, etc.)
- Shop supplies (rags, gloves, etc.)
- Tooling supplies (machining inserts, measuring tools, etc.)
- Purchased components (softs) used in assembled products
- Office supplies
- Packaging supplies
- Freight / transportation services
- Fuels and gases
- Etc.

During the current reporting period, Norquest's supply chain activities were almost exclusively located within Canada and the United States, with one small purchase from a supplier in Singapore and one small purchase from Norway.

Policies & Due Diligence

Internal Policies

Internally, Norquest can attest to having zero instances of forced or child labour within our direct workforce. Our Human Resources department has an in depth understanding and appreciation for Human Rights and Labour standards, and we follow all local legislation and best practices within our work force.

All employees sign a Business Ethics policy upon hiring, which contains the following statements:

- Employees are responsible to: comply with all laws applicable to Norquest business activities, ensure the Norquest is committed to conducting its business activities in an ethical manner and to the highest level of ethical standards, and to maintain Norquest's reputation with its customers, suppliers, contractors, employees, and shareholders.
- Norquest will ensure that the purchasing procedures and policies of Norquest companies are open, fair, and equitable for all parties involved.
- Norquest business, whether domestic or international, must be conducted in compliance with all applicable laws and regulations, and will not tolerate illegal activity conducted for personal gain or on the company's behalf.

In addition to the Business Ethics policy, we have a confidential link on our employee payroll platform, which is always accessible. Employees can use this link any time to submit anonymous concerns directly to our HR department and Executive leadership.

External / Supplier Policies

Norquest does not yet have formal policies and due diligence practices in place specific to our supply chain's risk of forced or child labour. We are assessing the additional policies and due diligence steps we could implement to mitigate those risks, so we are able to provide more detailed reporting in subsequent reporting periods.

As of the reporting period, we have an implemented and active Supplier Manual and an Approved Supplier List, and related policies and procedures in place that dictate how we approve our suppliers. Within our Supplier Manual, we state that our Suppliers are required to provide a work environment that supports safety and quality objectives by identifying and managing human and physical factors that affect the safety and quality of the products and/or services they provide.

In our Supplier Evaluation Survey (Questionnaire required to be completed by all suppliers) we ask the following questions related to the business ethics/safety environment of our suppliers:

- Does your organisation consider risks and opportunities, internal and external issues, and the needs and expectations of interested parties?
- Are resources including people, infrastructure, and the environment for the operation of processes suitable and monitored by senior management?
- Are internal and external (outsourced) processes planned, implemented, monitored, and controlled by your organization?
- Does your organization monitor the performance of suppliers?
- Has there been any health, safety, or environmental violations of local, provincial, or federal codes or regulations in the past 3 years?
- Has your organization had any improvement / prohibition notices served, prosecutions, fines, or penalties relating to health, safety and/or environment over the last three years?

If supplier responses to the above questions are not satisfactory, depending on the issue they will either be subject to further audit, or they will not be approved as a supplier.

Additional notes:

- While it is not specifically stated that the supplier must not engage in forced or child labour (neither within their facilities nor in their supply chain), that type of inhumane labour would not meet the necessary standards for quality or safety. Norquest will explore what additional language and requirements we can add to our Supplier Manual and Questionnaires to encapsulate the specific risks of Child and Forced labour, using the contents of Bill S-211 as guidance. We will report on the improved due diligence practices for the next reporting period.
- An important element our Quality Management System (QMS) is the Competency, Training, and Awareness of the human inputs to production, which means our suppliers are required to ensure, and be able to provide documentation upon request, that proves their staff are competent to perform the tasks assigned, and adequately trained on the same.

Risk Assessment

Norquest operates in the manufacturing industry within Canada only, which is not an industry at high risk of forced or child labour. Norquest's active supply chain is located almost exclusively within Canada and the US, countries that bear a low risk of forced labour and child labour, therefore statistically speaking our risk of forced or child labour in our supply chain is very low.

That said, we are committed to ensuring that any risk of forced or child labour associated with the downstream activities of our suppliers is well managed and documented. We fully support the initiatives of Bill S-211 and will use the guidelines within to help us continue to improve our due diligence practices to ensure our suppliers are adhering to the same standards.

Some minor risks have been identified in our supply chain, per our preliminary assessment in this first reporting period, including:

- **Purchase of Copper** – copper is a raw material we use very infrequently but should monitor closely as it is listed on World Vision's list of Risky Goods for Forced/Child Labour.
 - o In this reporting period, we did not have any copper purchases.

- **Purchase of Electronics** – the inputs to many electronics (coltan, tungsten, tin, copper, gold, etc.) are subject to an elevated risk of forced/child labour.
 - o We have confirmed that our brand of choice for computer equipment has a corporate statement on Anti-Slavery and Human Trafficking, and within that policy they confirm they perform proper due diligence to ensure their supply chain is free from human rights violations.

- **Purchase of Rubber** – while it is a very low portion of our overall spend, Norquest does source rubber (putty, gloves, etc.) which is a commodity with an elevated risk of forced/child labour.
 - o We have yet to perform adequate due diligence of our supply chain to ensure it is protected against the risk of forced/child labour.

Further risk assessments will be performed and documented along with the revised Supplier requirements we will be implementing.

Sources:

- 1) Global Slavery Index 2023:
<https://cdn.walkfree.org/content/uploads/2023/05/17114737/Global-Slavery-Index-2023.pdf>
- 2) Industry Specific Risk Factors (Forced labour):
<https://bhr-navigator.unglobalcompact.org/issues/forced-labour/industry-specific-risk-factors/>
- 3) World Vision Supply Chain Risk Report 2023:
<https://www.worldvision.ca/WorldVisionCanada/media/NCFs/Reports/WVC-FY23-Q1-Child-Labour-Risky-Goods-Report-2023.pdf>

Remediation Measures

While Norquest has, to date, assessed minimal risk and zero evidence of forced or child labour in our supply chain, we will be completing the below list of remediation measures to improve our corporate alignment with Bill S-211. Our goal is to be able to confidently state we are managing the risks of forced or child labour in our supply chain to the best of our ability. We will also have appropriate remediation measures in place, should any instance of such be identified.

Remediation Measures to Implement:

- Revise our Supplier Manual to include code of conduct requirements for suppliers regarding forced or child labour within their organization and supply chain.
- Document the remediation steps we will take if any evidence of forced or child labour is identified within their operations, including planned steps to support the protection of victims.
 - o We have not yet found any evidence to suggest that vulnerable families have experienced loss of income because of the steps taken to eliminate forced or child labour risks in our supply chain, therefore this is not currently applicable to our operations.
- Implement a Supplier Questionnaire covering Forced or Child Labour risk factors and policies, so we can identify and address those risks during supplier onboarding.
 - o Add forced and child labour risk assessment to our supplier approval process.
- Create or source training materials to facilitate the training of our staff on the risks of forced or child labour, with a particular focus on training those who are responsible to purchase goods and or services on behalf of our organization.

Training

Norquest will explore implementing the following training protocols internally, to ensure our staff are made and kept aware of the risks of forced or child labour:

- Highlight the risks of forced or child labour in our monthly safety and quality meetings on a recurring basis (at minimum we will cover this topic annually). All staff attend these meetings.
- Comprehensive work instructions and training records will be kept specifically for our Procurement team, ensuring it is documented that the staff in that department are aware and understand the risks of forced or child labour, and the steps they must take to mitigate those risks when engaging in purchasing for our organization.

Assessing Effectiveness

While we cannot currently assess the effectiveness of our policies specifically related to the risk of Forced or Child Labour, as our policies and procedures surrounding that topic are not currently formally documented or implemented, we have the following measures in place:

- All employees have a signed Business Ethics Policy on file. We will add the requirement for employees to review this policy every 3 years.
- All suppliers on our Approved Supplier List have completed our Supplier Evaluation summary and will be re-evaluated periodically.

Additionally, we will plan to add the following measures to improve our ability to assess effectiveness of our policies:

- Maintain training records for all staff related to risks and mitigation steps for Forced and Child Labour in our organization and supply chain, but especially for the Procurement and Quality departments.
- Ensure all identified risk areas of forced or child labour are documented and reviewed annually.
 - o By country
 - o By product type
- Maintain documentation and evaluation survey from our suppliers regarding their policies to manage the risks of forced or child labour. Suppliers will be re-evaluated on a periodic basis, with increasing frequency for those with an elevated risk factor (determined by the product type, location, etc.)
- Thoroughly document any instances of forced or child labour discovered, along with all remediation steps taken.

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 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 attest to have the authority to bind Norquest Industries Inc.

Full Name: Rose Spence	Date: May 2, 2024
Title: President	Signature: