

May 27, 2024

Fighting Against Forced Labor and Child Labor in Supply Chains

*[DRAFTING NOTE: requirements are contained in the published guidance at this link:
<https://www.publicsafety.gc.ca/cnt/cntrng-crm/frcd-lbr-cndn-sply-chns/prpr-rprt-en.aspx#a4>]*

Introduction.

This is our first Fighting Against Forced Labour and Child Labour in Supply Chains report. In the coming years we will increase our focus on and commitment to fair labour practices and to continue to act ethically in all our business dealings. We will deepen our understanding of the risk, continue to build effective responses to that risk and to raise awareness among our employees and supply chain. In this statement Precision Resource Canada, Ltd (PR-CN), will report on several matters related to policies, due diligence, processes, risk assessment and management, training, and raising awareness to combat forced labour and child labour in supply chain.

Company Information.

Precision Resource Canada, Ltd. is a privately held manufacturer with production and toolmaking facilities in Cambridge, Ontario. By continually investing in new capabilities and proving itself a dependable supplier, PR-CN continues to grow with our strong worldwide base of customers. Precision Resource follows a philosophy of dependable service and close customer relationships.

Precision Resource specializes in producing precision metal components and assemblies for the automotive industry and many other industries. We are recognized as global leaders in development and production of components using the fineblanking technology. We also specialize in many other metal forming and finishing technologies, including machining, grinding, fine grinding, laser cutting, laser welding, plastic molding, and complex assembly.

PR-CN's supply chain includes the following:

- **Raw Material Suppliers.** Raw material suppliers form the most significant part of the company's supply base and the majority of its spend. Primarily large steel companies, these suppliers provide the steel or other material that PR-CN uses to manufacture parts. All raw material is sourced in the United States and Canada.
- **Component Suppliers.** PR-CN works with a handful of component suppliers who provide components for incorporation into PR-CN's products.
- **Service Providers.** PR-CN works with locally sourced suppliers who perform services to PR-CN's parts, such as heat treating, plating, and grinding.

Prevention and Reduction of Risk

PR-CN seeks to develop strong, long-term relationships with suppliers that share our commitment to high ethical standards and responsible business practices. We believe that these strong supplier relationships are the key to ensuring reliable and sustainable operations. Our procurement principles are to source for the best value with the expectation that suppliers will conduct their operations in compliance with our Code of Business Conduct.

Our Code of Business Conduct is a requirement of doing business with PR-CN and requires suppliers to comply with applicable law, respect human rights, and other responsible business practices. It also specifically states that suppliers must “comply with all child labor laws in the countries where they are located and refrain from the use of forced or indentured labor, human trafficking, or from knowingly conducting business with any person or entity that engages in such conduct.”

We believe that a focus on transparency throughout the supply chain can help identify forced labour and child labour risks. Therefore, PR-CN has initiated a new process in 2024 which will require suppliers to complete a compliance questionnaire as part of PR-CN’s supplier approval process. The intention of this process is to more forcefully state our commitment to human rights, better understand our supply chain, and manage risks related to human rights including forced labour and child labour. This questionnaire will enable us to assess even more thoroughly our existing and new suppliers and to gather further information of any signs of forced labour or human trafficking. Suppliers who are identified as high risk through this process will be subject to further audit and a remediation process and, if significant issues remain unresolved, suppliers may be put on new business hold, or we may choose to suspend or terminate our relationship with them.

Policies and Controls.

PR-CN respects the individual dignity and value of every human being and is committed to conducting its operations in a way that complies with all applicable laws respecting human rights.

The Company complies with all applicable child labour laws, does not use forced or indentured labour, and does not engage in human trafficking, nor will the Company knowingly conduct business with any person or entity that engages in such conduct.

We are committed to complying with all applicable laws and regulations that apply to our business and operations, including those related to environmental protection, worker health and safety, immigration, intellectual capital, conflicts minerals, and social responsibility. We continuously monitor and review our practices to ensure ongoing compliance and strive for best-in-class performance.

In addition, our Code of Conduct and Ethics Policies encourage employees to speak up about any human rights or ethical concerns with a manager, Human Resources, the Division Manager or through our independent HOTLINE, which is monitored regularly.

Assessing and Managing Risk.

PR-CN's processes and procedures did not provide evidence of forced labour or child labour. Given our strong, long-term relationships with local suppliers in the United States and Canada, we believe that this mitigates the risk that parts of our business or supply chain involve forced labour or child labour. Therefore, the company has not had any need to take measures to remediate instances of such forced or child labour or to remediate the loss of income to any vulnerable families as a result of such lack of remediation measures.

Despite the fact that manifestations of forced labour and child labour are complex and hidden, we will remain committed to conducting appropriate risk assessments.

We will assess the ongoing forced labour and child labour risks in our supply chains based on the commodities and services we source, supplier size and performance, on the perceived risk from the geographic locations from which we source commodities, country information metrics, suppliers' own supply chains, reported incidents alongside other relevant criteria.

Training and Awareness.

Training and awareness is key to our ongoing Sustainability strategy. All new employees receive training on the company's code of conduct and ethics policies, which form a condition of their employment. As stated above, the code of conduct prevents PR-CN from dealing with any suppliers that use child or forced labour. Additional training is provided as needed, including in regard to new laws and regulations or updates to our internal policies and procedures.

Looking forward, we will develop an informative and accessible refresher training program that will be delivered to relevant employee groups at all levels.

Assessment of Effectiveness.

The company believes that its existing policies and procedures are effective in creating awareness and compliance regarding forced labour and child labor among our employees and suppliers. We will continue to assess effectiveness and make any necessary improvements through a variety of existing and planned programs, including our independent hotline, employee training, supplier qualification program, and supplier compliance questionnaires.

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 the report has been approved by the Board of Directors of Precision Resource Canada Ltd.,

Mr. Kaveh Vafaei

Managing Director

May 27, 2027

A handwritten signature in black ink, appearing to read "Kaveh Vafaei". The signature is fluid and cursive, with a long horizontal stroke at the end.

I have the authority to bind Precision Resource Canada Ltd.