SHRED-TECH
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SHRED-TECH CORPORATION

REPORT SUBMITTED UNDER THE FORCED LABOUR IN CANADIAN SUPPLY CHAINS ACT

FISCAL YEAR ENDED DECEMBER 31, 2023

1. INTRODUCTION

This report is made pursuant to Forced Labour in Canadian Supply Chains Act (the "Act") and concerns Shred-Tech Corporation ("Shred-Tech"). Shred-Tech hereby reports to the Minister of Public Safety on the measures taken during their last fiscal year, which ended on December 31, 2023, to prevent and mitigate the risk of the use of forced labour or child labour at any stage of the production of their goods, in Canada or elsewhere, or upon importation into Canada.

2. MEASURES TO PREVENT AND REDUCE THE RISKS OF FORCED LABOUR AND CHILD LABOUR

Since the law came into force, we have familiarized ourselves with the transparency measures introduced in the law and the obligations it imposes on Shred-Tech.

Additionally, since the Act came into force, we have begun gathering information on the supply chains of each of our subsidiaries, in order to begin the process of standardizing supplier selection within Shred-Tech.

3. STRUCTURE, BUSINESS ACTIVITIES AND SUPPLY CHAINS

Incorporated under the *Canada Business Corporations Act* (c. C-44), Shred-Tech is a subsidiary of The Heico Companies ("Heico"). Heico is a holding company that owns and operates several businesses around the world, grouped under four platforms. Shred-Tech is part of one of Heico's four platforms and operates in the recycling sector, specifically in the manufacturing, processing and distribution of shredding equipment.

Shred-Tech's head office is located in Cambridge, Ontario. Shred-Tech employs approximately 155 people in Canada.

Shred-Tech is an OEM manufacturer of mobile and industrial shredding solutions. Shred-Tech secures components supporting its final assembly operations for both lines of products, mobile and industrial shredder systems.

Shred-Tech procures off the shelf components as well as manufactured components from a network of suppliers, including its affiliate Shred-Tech Asia

Co., Ltd. Manufactured components are actively sourced from Shred-Tech Asia Co., Ltd to support assembly operations in Canada.

4. POLICIES AND DUE DILIGENCE PROCESSES RELATED TO FORCED LABOUR AND CHILD LABOUR

Our long-term success as a company depends on many factors, including strategic vision, inspired leadership, customer-centric innovation, and world-class products and services. Our success also depends on our reputation in the market for honesty, integrity and corporate citizenship. Our reputation for integrity is – and must always be – the cornerstone of our business. Our ethical standards, which go far beyond the minimum legal requirements, reflect and define us as a company and as individuals.

Regardless of the circumstances, we require our business partners and others stakeholders who act on our behalf to meet the same high standards. Such commitment inspires confidence in our trading partners, shows them that we share common goals and builds long-term, mutually beneficial relationships of trust.

A. Code of Conduct

Heico's Code of Conduct applies to Shred-Tech. The Code of Conduct clarifies the mission, values and principles of Heico and its subsidiaries, and links them to a set of guidelines on how employees should act in the workplace, among themselves, with business partners and within the community. It is a reference point that informs employees of the procedures to make sound business decisions and, if necessary, the actions to be taken in the event of non-compliance. This Code of Conduct contains a section on human rights, which reads as follows.

> *"We respect human rights in the conduct of our business. We will uphold international human rights standards of conduct, including the Universal Declaration of Human Rights, and strive to protect fundamental human rights in the conduct of our business. In this regard, we are committed to providing a workplace free of discrimination and healthy and safe working conditions, to staying within the limits of the law with respect to working hours and to paying compensation in accordance with the law for the work performed. We will comply with all laws relating to child labour and forced labour. We will respect employees' freedom of association and their right to choose a representative to conduct collective bargaining if they so wish. We will not knowingly do business with business partners whose practices are contrary to this policy."*

Upon hiring a new employee, and annually thereafter, every employee must read the Code of Conduct. In addition, and on an annual basis, mandatory training, in person or in the form of a webinar, accompanies the update of the Code of Conduct. This training is mandatory for all employees, and participation and completion rates are rigorously monitored by Heico's senior management. The Code of Conduct is available for employee reference via company intranet.

Our employees are required to report any violation or suspected violation of our Code of Conduct, policies, or applicable laws. In addition, to strengthen our culture of integrity and compliance, we encourage employees to express themselves freely. To do so, they can access Heico's toll-free hotline to report a situation they have observed and that is of concern to them. In countries that allow it, the use of this hotline can be done anonymously.

B. Direct Supplier Selection Process

Before being selected as a supplier by Shred-Tech, each direct supplier must go through a well-established selection process. This process allows us to ensure that our direct suppliers can provide high-quality services and goods while meeting human rights standards.

Prior to any acceptance of a new supplier, the procurement team conducts a search, with the name of the supplier's entity, on the E2Open – Amber Road platform, in order to validate that the supplier is not on a list of entities sanctioned by the government.

5. PARTS OF SHRED-TECH'S BUSINESS OPERATIONS AND SUPPLY CHAINS THAT INVOLVE A RISK OF FORCED OR CHILD LABOUR AND MEASURES TO ASSESS AND MANAGE THAT RISK

5.1 WITHIN THE ORGANIZATION

Within our operations for our Shred-Tech employees, we believe that the risk of the use of forced labour or child labour in our operations is low for the following reasons:

- Recruitment processes ensure compliance with the standards in Canada, where one hundred percent (100%) of our personnel come from.

- Once employed by Shred-Tech, Canadian employees are provided with at least the benefits and rights provided for by the laws and regulations in force in Canada; some of Shred-Tech's policies provide for a premium or a higher standard in certain respects.

5.2 WITHIN OUR SUPPLY CHAINS

Shred-Tech recognizes that the risk of forced labour and child labour exists, particularly given that its supply chains, including those of its suppliers, extend to regions where the identified risk of forced labour and child labour is real. As of December 31, 2023, however, Shred-Tech had not yet initiated a formal risk assessment process.

6. MEASURES TAKEN TO ADDRESS ANY USE OF FORCED LABOUR OR CHILD LABOUR

Shred-Tech did not identify any cases of forced or child labour for the fiscal year ended December 31, 2023. As a result, no measures have been implemented to address them.

7. MEASURES TAKEN TO ADDRESS THE INCOME LOSSES OF THE MOST VULNERABLE FAMILIES CAUSED BY ANY MEASURES TO ELIMINATE THE USE OF FORCED LABOUR OR CHILD LABOUR IN SHRED-TECH'S OPERATIONS AND SUPPLY CHAINS

Given the absence of identified impacts for the fiscal year ending December 31, 2023, no measures have been implemented in this area.

8. TRAINING EMPLOYEES ON FORCED LABOUR AND CHILD LABOUR

For the fiscal year that ended December 31, 2023, our employees received mandatory training on the Code of Conduct, which addressed ethical issues in general and a specific section of which reiterated our commitment to respect human rights laws in the course of our activities, including those against slavery, trafficking in persons and child labour.

9. EVALUATION OF THE EFFECTIVENESS OF EFFORTS TO AVOID THE USE OF FORCED LABOUR AND CHILD LABOUR

No action was taken during the fiscal year ended December 31, 2023 to assess the effectiveness of preventing and reducing the risks of forced labour and child labour in Shred-Tech's operations and supply chains.

APPROVAL AND ATTESTATION

In accordance with the requirements of the Act, and in particular section 11 thereof, I certify that I have reviewed the information contained in the report for Shred-Tech Corporation.

To the best of my knowledge, and after exercising due diligence, I confirm that the information contained in the report is true, accurate and complete in all respects material for the purposes of the Act, for the reporting year.



Romel Reddi
President, Shred-Tech Corporation

May 31, 2024