

Snap-on Incorporated

Report under

Canada's Fighting Against Forced Labour and Child Labour in Supply Chains Act

This joint Report is submitted pursuant to the Fighting Against Forced Labour and Child Labour in Supply Chains Act (the "Act") on behalf of Snap-on Tools of Canada Co. (Nova Scotia – Reg. No. 3333707 / Business No. 887338358) and Dealer-FX North America Group Inc. (British Columbia – Registry ID BC1040916 / Business No. 817788722) (collectively, "Snap-on Canada"). This Report discusses the efforts of Snap-on (as defined below) to prevent forced labour, child labour, human trafficking, and other human rights abuses (also collectively referred to in this Report as "modern slavery") in its business and supply chains during the fiscal year ended December 30, 2023.

Business Structure

Snap-on Incorporated, a Delaware (U.S.A.) corporation ("Snap-on" or the "Company"), is the ultimate parent company of the entire Snap-on corporate body, including the entities comprising Snap-on Canada. Snap-on is a leading global innovator, manufacturer and marketer of tools, equipment, diagnostics, repair information and systems solutions for professional users performing critical tasks. Snap-on's products and services include hand and power tools, tool storage, diagnostics software, information and management systems, shop equipment and other solutions for vehicle dealerships and repair centers, as well as for customers in industries, including aerospace, agriculture, construction, government and military, mining, natural resources, power generation and technical education. Snap-on also provides financing programs to facilitate the sale of its products and to support its franchise business. Products and services under a variety of notable brands are sold through the Company's franchisee, Company-direct, distributor and internet channels. Snap-on's common stock is traded on the New York Stock Exchange under the ticker SNA.

Founded in 1920, Snap-on is a S&P 500 company headquartered in Kenosha, Wisconsin (U.S.A.). The Company employed approximately 13,200 people worldwide as of December 30, 2023, and had net sales of \$4.73 billion USD in 2023. Snap-on has a mobile franchise van channel in the United States, Canada, the United Kingdom, Japan, Australia, Germany, Netherlands, South Africa, New Zealand, Belgium, and Ireland with approximately 4,700 routes, of which approximately 5% are Company-owned. Snap-on serves professionals in over 130 countries and has manufacturing facilities in the United States, Argentina, Belarus, Brazil, China, France, Italy, Portugal, Spain, Sweden, and the United Kingdom.

Snap-on Tools of Canada Co., which currently has 135 employees (and 15 direct temporary workers), is the immediate parent entity of Dealer-FX North America Group Inc. ("Dealer-FX"), which currently has 134 employees (and 5 indirect temporary worker). Both entities are privately owned companies and are wholly owned subsidiaries of Snap-on, as previously disclosed.

The registered office of Snap-on Tools of Canada Co. is located at 1741 Lower Water Street, Suite 600, Halifax, Nova Scotia, Canada, and the principal office is at 6500 Millcreek Drive, Mississauga, Ontario, L5N 2W6, Canada. The office of Dealer-FX is 150 Commerce Valley Drive West, Suite 900, Markham, L3T 7Z3, Canada.

Snap-on Tools of Canada Co. serves as a distributor of the Company's products, including accessories, tools, and equipment.

Dealer-FX is a developer, marketer, and provider of service operations software solutions for automotive original equipment manufacturer ("OEM") customers and their dealers. Dealer-FX specializes in software as a service (SaaS) management systems, communications platforms, and extensive data integrations.

The due diligence, risk identification and actions Snap-on has taken, which are described below, apply to Snap-on Canada.

Global Supply Chain

Snap-on's global supply chain is complicated and includes thousands of suppliers from countries around the globe. As with most companies that sell tools and equipment, the Company's products, whether manufactured or sourced, often contain components that include raw materials from numerous additional suppliers, and there are often many levels of suppliers between the Company and the supplier of the raw materials included in these components or products.

In connection with our diligence efforts discussed in this Report, we have undertaken steps towards mapping our supply chain and have considered its risk profile, including high-risk areas. We examined our supply chain in the context of various modern slavery risk indicators such as geographic location and category of goods and services. We understand that our risks in this area are fluid and will continue to monitor our supply chain.

Risks of Forced Labour, Child Labour, Human Trafficking and Other Human Rights Abuses

Snap-on is aware that the United Nations and the Walk Free Foundation have estimated that there are approximately 50 million victims of modern slavery around the world and that every industry and sector has risks of forced labour, child labour, human trafficking and other human rights abuses in its operations and supply chains. We understand that it has been estimated that approximately 20% of the documented global cases of forced labour (one kind of human rights abuse) have occurred within the manufacturing industry, and, therefore, our industry poses a risk of these types of abuses.

Manufacturing is a highly cost-driven industry and requires a continual focus on expense management. We understand that these pressures could put workers at risk of exploitation if suppliers or others were to seek savings by requiring long hours and forced overtime during periods of high demand as well as through wage cuts and other cost-saving measures at times of low demand or via poor working conditions. Furthermore, manufacturing often involves the use of outsourcing, sometimes to higher risk countries, which may produce goods at a lower cost or provide services at lower rates.

As such, Snap-on is acutely aware that as a manufacturer, the Company's operations present a potential risk of human rights abuses, including modern slavery, and poor working conditions. Furthermore, as with most companies that sell complicated tools and equipment, our products, whether manufactured ourselves or outsourced, often contain raw materials, components, or sub-assemblies, which creates additional potential exposure to the risk of human rights abuses in those supply chains.

Actions Taken to Assess, Address and Mitigate Risks, as well as Training

The Company is guided by the core beliefs and values as laid out in Snap-on's "Who We Are" statement. These values include non-negotiable workplace safety and respecting the individual.

Respect for human rights is a fundamental value at Snap-on.

We embrace the approach to human rights set forth in the United Nations Universal Declaration of Human Rights and the Guiding Principles on Business and Human Rights for our employees, franchisees, contractors, and agents around the world. Snap-on has adopted policies that seek to eliminate human trafficking, slavery, forced labour and child labour from its global supply chain.

Policies

Snap-on formalized its commitment to protecting human rights by adopting a global Human Rights Policy. The Human Rights Policy applies to Snap-on, the entities that we own, the entities in which we hold a majority interest and the facilities that we manage. We also expect our suppliers to uphold these principles and urge them to adopt similar policies within their own businesses. The Human Rights Policy covers, among other topics, slavery, child labour and human trafficking, creating a harassment-free workplace, diversity and inclusion, health and safety and working conditions.

As set forth in the Human Rights Policy, Snap-on prohibits the use of all forms of forced labour, including prison labour, indentured labour, bonded labour, military labour, modern forms of slavery and any form of human trafficking. Snap-on associates are taught to consider ways to identify, prevent and stop modern slavery in the workplace and supply chain. Modern slavery and human trafficking include enslaving people through force, abduction, fraud, coercion, and exploitation. Snap-on's policies explicitly prohibit any interaction with companies that engage in slavery or human trafficking. The Company also will not employ child labour or work with suppliers that employ child labour, consistent with the principles relevant to U.S. and international laws. The Human Rights Policy is available at <https://www.snapon.com/Snap-on-Files/Snap-on-HumanRightsPolicy-FINAL7.15.22.pdf>.

Pursuant to the Company's Code of Business Conduct and Ethics (the "Code of Conduct"), the Company will not tolerate and will not condone the use of slavery, forced, involuntary or coerced labour, child labour, human trafficking or sex trafficking by any employee, agent, subcontractor or supplier in the operation or support of our business or the manufacture and distribution of our products. In addition, the Code of Conduct provides that child, prison, and forced labour are not permitted at any Snap-on business partner or supplier operation. The Code of Conduct is available at: <https://www.snapon.com/Snap-on-Files/Investors/Corporate-Governance/Code-of-Business-Conduct--Ethics/Code-of-Business-Conduct.pdf>.

Our Policy Against Human Trafficking and Slavery (the "Policy") has been in place since 2016 and is periodically reviewed for effectiveness and/or upgrade. The Policy is available at <https://www.snapon.com/EN/Anti-Human-Trafficking/Anti-Human-Trafficking-Policy>. The Policy is applicable to all of Snap-on's businesses, directors, employees, agents, subcontractors, and suppliers worldwide when acting within the scope of employment or contract with us. Snap-on requires those parties subject to the Policy to not engage in any form of forced or involuntary labour, child labour or modern slavery, comply with applicable laws, undertake proper dealings with identity or immigration documents and engage in appropriate recruitment processes, among

other requirements. The Policy is specifically designed to build our due diligence approach and ensure compliance with legislation and regulations in the U.S. and other countries. Within this Policy, we state that Snap-on will not tolerate modern slavery and that we will strive to identify any high-risk areas within our operations and supply chains.

Suppliers and subcontractors are required to periodically certify that they have read the Policy and will comply with our requirements and any relevant modern slavery laws.

The policies discussed above provide avenues for reporting complaints and potential violations, including through our Ethics Help Lines. Should we identify adverse human rights impacts resulting from or caused by our business activities, we are committed to provide for or cooperate in, the fair and equitable remediation of such issues. The Policy provides for several forms of remediation in the event of any incidents of non-compliance, up to and including termination of the supplier or subcontractor. Referral action to proper authorities may be taken in cases involving breaches of certain criminal laws.

Training

Snap-on provides mandatory annual training on topics such as human rights, human trafficking, child labour, forced labour and slavery to employees in positions of management and employees responsible for our supply chain.

We use an online tutorial as part of our training (titled “Combating Slavery and Human Trafficking in Supply Chains”), which explains that modern slavery still exists in the world and prompts the learner to consider ways of identifying, preventing, and stopping it in his or her own supply chain. The tutorial advises staff that there are millions of suspected victims of modern slavery currently around the world.

In the tutorial, examples are given of how raw materials produced by modern slavery can end up in numerous products, such as leather, cobalt, cocoa, and coffee. We explain to our staff that supply chains include more than tier 1 suppliers and give tips on what clues to look for that might suggest human rights abuses could have played a part in a product’s development. The tutorial references the relevant legislation in different jurisdictions to which Snap-on is subject. The tutorial concludes with a questionnaire for employees to test their knowledge in the area.

We also have training modules regarding, among other topics, creating a harassment-free workplace, health and safety and our Human Rights Policy.

Our employees play a key role in our due diligence processes and these training modules are intended to ensure they retain the appropriate level of education to enable them to assist our approach, to be vigilant and to report incidents or suspicions.

Supplier Compliance, Monitoring and Verification

Snap-on suppliers and subcontractors who supply any product or service that is incorporated into the products or services Snap-on sells are required to review and comply with both the Policy as well as the Supplier Code of Conduct (the “Supplier Code”).

Snap-on monitors suppliers based on its assessment of the risk presented by the supplier, taking into consideration the country in which the supplier operates and the particular product or service the supplier provides. Where Snap-on has access and determines it is appropriate, Snap-on

reviews the supplier's behavior for signs of trafficking in persons or violations of the Supplier Code.

Supplier Dialogue

We alert our suppliers as to the requirements within the Policy and the Supplier Code. This correspondence is intended to raise supplier awareness regarding modern slavery and human rights, as well as detail what we can be done to mitigate risks in this area.

We also provide our suppliers with definitions of modern slavery and explanations of related risks. In addition, we foreshadow future contact from Snap-on to request information or documents we may require related to such topics.

Supplier Code of Conduct

The Supplier Code contains commitments that are expected of all suppliers, regardless of location. This includes commitments regarding forced labour, child labour, and modern slavery, workplace health and safety, human rights, the environment, identity and immigration documents, recruitment practices, transportation and relocation costs, discrimination, harassment, wage laws, bribery and corruption, intellectual property, and other matters.

The Supplier Code also requires specific compliance with relevant laws in other jurisdictions. The Supplier Code requires that suppliers and sub-suppliers take adequate measures to prevent, mitigate and remediate the risk of modern slavery and human rights abuses occurring within suppliers' operations and supply chains. We require our suppliers to have in place adequate policies and commitments, due diligence processes, remediation processes, reporting processes and training in relation to modern slavery and human rights.

The Supplier Code details that suppliers who utilize subcontractors to provide goods and services to Snap-on will also be responsible for the subcontracted party's compliance with the Supplier Code. In addition, suppliers are expected to take steps to ensure subcontractors adopt the commitments outlined in the Supplier Code.

Suppliers are required to periodically certify that they have read and will comply with the Supplier Code, as well as any relevant laws.

The Supplier Code also gives Snap-on the right to monitor supplier compliance through surveys and information requests and provides for remedial measures in response to any violation, including termination of the relationship.

The Supplier Code is available at: <https://www.snapon.com/EN/Suppliers/Supplier-Code-of-Conduct>.

Supplier Agreements

We have a specific anti-human trafficking compliance contract clause (the "clause") for our Supplier Agreements. These terms and conditions specifically require that suppliers always comply with human rights-related laws.

The clause requires specific modern slavery-related representations and warranties of our suppliers, including that they do not engage in any form of modern slavery, that they will take reasonable steps to ensure there is no modern slavery in their operations or supply chains and

that if they become aware that modern slavery is taking place in their operations or supply chains, they will notify us.

The clause also restricts suppliers from taking any adverse action against an individual due to their good faith disclosure of information relating to modern slavery. It allows Snap-on to audit each supplier's records to ensure that no breach of the clause has occurred and also requires the supplier to share relevant information in this regard.

Finally, the clause provides for remedial measures, including the right of Snap-on to withhold payment or terminate in the event of a breach.

Supplier Survey

Snap-on Canada conducts an annual Supplier Survey coordinated by Snap-on. The Supplier Survey is sent to suppliers of the entities comprising Snap-on Canada. In the most recent period, we reached out to tier 1 suppliers by sending the survey to all suppliers from whom we have purchased products or services more than \$2,500 USD per annum. The Supplier Survey forms a key part of our due diligence in relation to our supply chains. In connection with the distribution of the Supplier Survey, we again send suppliers the Policy and the Supplier Code, and we require suppliers to certify that they have read and understood both documents. The Supplier Survey also asks suppliers a variety of questions regarding any policies and processes that they might have in place relevant to modern slavery and other human rights issues.

Assessing the Effectiveness of the Company's Efforts

The Company has been conducting diligence efforts in this area for a number of years.

Snap-on annually reviews its efforts with respect to the prevention of modern slavery in its supply chain. As noted above, we send our Supplier Survey and the Supplier Code to all tier 1 suppliers at least once per annum. Before the Supplier Survey is sent out, we conduct a review of its content and evaluate our relevant policies and the Supplier Code. For example, originally our Supplier Survey only encompassed legislation in the United States and through each annual review it has been updated to now cover the laws in several jurisdictions. We track the percentage completion rates of our Supplier Survey in each reporting period to enable us to understand whether engagement is at the desired level.

Our internal team reviews each of the completed Supplier Surveys. We also have a process through which we follow up with suppliers who have provided unsatisfactory answers. We have found to date that ordinarily the unsatisfactory answers are a result of misunderstanding rather than actual non-compliance. We have adjusted our Supplier Survey annually to reflect the feedback and learnings derived from our reviews of responses and subsequent conversations with suppliers.

The training modules detailed above are also reviewed annually by our Legal Department, as well as by an external firm, and are modified as necessary.

The policies discussed above direct individuals to contact our Legal or Human Resources Departments with any concerns or queries. We also have multiple reporting mechanisms as stated above. The feedback received through these avenues assists Snap-on Canada in assessing the effectiveness of our approach. As noted above, we continue to monitor our supply chains since risks in this area are fluid.

While the Company does not believe that vulnerable families have experienced a loss of income as a result of its efforts to eliminate forced labour or child labour risks, it has not taken any specific measures in this area to this point.

Reporting

Snap-on provides retaliation-free means of reporting suspected trafficking activity set forth in the Policy, the Human Rights Policy, and the Supplier Code. Such reporting is a critical tool to assist Snap-on in monitoring and detecting any trafficking violations. As required by applicable regulation, Snap-on will immediately notify appropriate government officials of any credible information regarding suspected trafficking activity.

Any Snap-on employee that is informed of or witnesses a violation of the Policy, the Human Rights Policy, or the Supplier Code, or is uncertain about the proper course of action relating to the matters addressed therein, is encouraged to immediately contact his or her supervisor. If the issue is not resolved or the employee is not comfortable raising the issue with his or her supervisor, employees are instructed to use the other reporting channels made available to them by Snap-on. Additional information regarding reporting is available at: <https://www.snapon.com/EN/Investors/Corporate-Governance/Snap-on-Ethics-Help-Line>.

Likewise, if a Snap-on supplier is made aware of any credible information from any source pertaining to a suspected trafficking violation, that supplier is expected to investigate the allegations, take appropriate remedial measures, and notify Snap-on of that information as well as what action it has taken with respect to the allegation.

Snap-on endeavors to provide a safe and easy means of reporting and is committed to preventing any form of forced labour, child labour, human trafficking, and other human rights abuses in its supply chain.

Ethics Helpline

The Audit Committee of Snap-on's Board of Directors established procedures for the effective handling of human rights and other concerns. These procedures include our Ethics Helplines that can be utilized all over the world. We also have an online portal through which individuals can report risks or concerns. Finally, within the Policy we also provide the contact details for the United States Government's Global Human Trafficking Hotline as well as its email address.

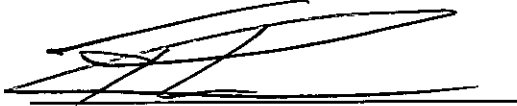
These avenues allow individuals to access confidential retaliation-free reporting of any concerns relating to modern slavery and human rights abuses. It is our hope that this will encourage greater honesty and openness resulting in increased visibility over risks and incidents, so that we can conduct further due diligence and enact our remedial responses as appropriate.

Other Jurisdictions

Snap-on and its other subsidiaries report under relevant modern slavery legislation in the United Kingdom, Australia, Norway, and the United States. As such, we have for some time now had multiple risk mitigation processes and policies in place throughout Snap-on and will continue to augment our processes. We acknowledge that the requirements of the Act are not identical to those in other jurisdictions, and we intend to continue to explore potential opportunities to improve our processes.

Approval of this Report

This Report was approved by the governing body of Snap-on Tools of Canada Co., the immediate parent company of Dealer-FX North America Group Inc., pursuant paragraph 4(b)(ii) of the Act.



Name: Timothy L. Chambers
Title: President and Director
Entity: Snap-on Tools of Canada Co.

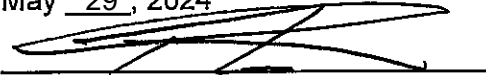
Attestation

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.

Full name: Timothy L. Chambers

Title: President and Director

Date: May 29, 2024

Signature: 

I have the authority to bind Snap-on Tools of Canada Co.