

## SUPPLY CHAIN TRANSPARENCY REPORT –2023

### Introduction

This report is published to comply with the Fighting Against Forced Labour and Child Labour in Supply Chains Act. It outlines the steps that have been used during its previous fiscal year, and ending December 31, 2023 to prevent and reduce the risk of forced labour and child labour in its operations and supply chains.

### Business Structure, Activities and Supply Chains

Thordon Bearings Inc. is a privately held family-owned business located in Burlington, Ontario. manufacturing high performance, oil and grease-free bearing systems, seals and other shaft line products for the global marine, clean power, pump and industrial markets.

Thomson-Gordon has a seven-member Board of Advisors who meets quarterly that consists of 5 external Board of Advisors, TG Innovator & Vice Chair and TG CEO who Chairs the Board. All major corporate decisions are reviewed by the Board.

The CEO, Chair of the Thomson-Gordon Group (TGG) designates and manages a Senior Management Team (SMT). SMT members include the owners CEO/Chair and Vice Chair/Innovator, COO, VP of Sales, Financial Director, VP of Business Development, Technical Director, MBA Director and HR Manager.

The Senior Management team is committed to the development and implementation of the overall management system and to continually improve the products as well as the processes and services used to deliver them to our customers.

Thordon bearing systems offer exceptional wear life, a low coefficient of friction and can be easily machined on site. In-house design engineers consult with customers to provide innovative bearing system designs that meet or exceed the customer's technical requirements. Thordon Bearings' engineering and quality focus has earned worldwide recognition. Quality procedures are certified to the ISO 9001:2015 Quality System. Thordon bearing systems are proven, cost effective, environmentally positive solutions for both marine and industrial applications. Thordon bearing and seal systems are available worldwide through over 75 agents and distributors.

The Company purchases raw materials from multiple countries but Thordon Bearings manufactures all final products at our own facilities in Burlington Ontario and our sister company in Poland.

### Policies and Process to Ensure Due Diligence

Thordon Bearings Inc. is against the use of forced labour and child labour in supply chains. To meet this commitment, the company continually monitors its structure, activities, and supply chains.

The following policies and processes are in place:

## **1. Corporate Values and Comments Statement**

The Company has a corporate values statement that all employees and officers must abide by. The basis of the statements focuses on the company requirements for ethical behaviour by the company itself and its people.

Under the Corporate Values and Comments Statement it is stated that selection of vendors must be clean and any international agents and distributors must understand and abide by our ethical guidelines.

## **2. Diversity, Equity, Inclusion and Belonging Policy**

Thordon Bearings Inc. is committed to observing and following relevant human rights, equity, and privacy legislation to prevent discrimination based on any prohibited grounds. The company is also committed to developing, learning, and following best practices to improve diversity, equity, inclusion, and belonging in every area of company operations, including Supply Chain operations.

## **3. Procurement Standard**

Thordon Bearings has adopted a Procurement Standard which outlines the purchasing process and how all goods and materials are procured.

Thordon Bearings has implemented a due diligence process for all vendors. Products used in production processes are subject to our critical supplier evaluation process. This process assesses information regarding sources of supply, including geographical location, commodity type, performance and diversity, among others. Critical suppliers are subject to on-site visits or audits as a part of the due diligence process.

The Company has close relationships with its vendors and strives to purchase quality made and directly sourced materials.

### **Managing and Assessing Risk of Forced or Child Labour**

Thordon Bearings looks to reporting and traceability to identify where our raw product is sourced and who it is made by. Risk is assessed by location of manufacturing, commodity type, financial viability and conformance history.

Performance of external providers is reviewed annually and reported through the Annual supply chain action plan. Supplier metrics are assessed ongoing during the year and used to evaluate all external partners. Critical suppliers are assessed using the Critical Supplier Performance Appraisal process, this includes onsite visits and audits.

Suppliers identified as carrying potential risk are subject to our Supplier Watch program. Our purchasing and Quality team will work closely with vendors on our Supplier Watch list to support improvement initiatives. These suppliers are evaluated more frequently may be subject to removal as a supplier.

# THORDON

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## Measures to Remediate Forced or Child Labour and Loss of Income

Thordon Bearings looks to reporting and traceability to identify where our raw product is sourced and who it is made by. As a due diligence measure, critical suppliers are subject to on-site visits or audits. All vendors and suppliers are subject to corporate values statement and ethical behaviors. Suppliers found during audit using Child Labor or Forced Labor are immediately removed as an approved vendor. To date we have not found any cases of child or forced labour or identified any loss of income to vulnerable families in own operations or our suppliers.

## Employee training

All employees within the company are trained on the basic fundamentals of discrimination, harassment and corporate policies. All employees are expected adhere to the Thordon Bearings Inc. Corporate Values and Comments Statement.

Our focus for 2024 is to continue our training plan within our Purchasing Department. The goal of this training will help better define ways to support responsible purchasing within our Company.

## Assessing Effectiveness

Thordon Bearings uses a number of methods to monitor and measure how well processes are performing. Risks and Opportunities Register, Balanced Scorecard and Quality Objectives, Trends Report, Internal and External Audits result are examples of some methods we use to measure our processes.

The results of the analysis and evaluation of the information arising from the monitoring and measurement are reviewed by monthly by the purchasing department, during quarterly SMT meetings and annually during our Quality Management System audit.

## Approval

Approval 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.

Anthony Medic



Director, Finance and Accounting

I have the authority to bind the Company, Thordon Bearings Inc.

Date: JUNE 4, 2024