



# Vermeer Canada Inc.

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Forced Labour and Child Labour in Supply Chains Company  
Assessment

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## Executive Summary

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Forced labour can be found in every country and every sector. The International Labour Organization estimates that there are approximately 27.6 million victims of forced labour worldwide, including 17.3 million in the private economy. Forced labour and child labour risks occur primarily through the global supply chains of businesses. There is a risk that goods imported into and distributed in Canada are produced with forced labour or child labour. Entities and government institutions doing business in Canada have a responsibility to ensure that exploitative practices are addressed and eradicated from their supply chains.

The measures introduced through former 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 (the Act), aim to increase industry awareness and transparency and drive businesses to improve practices. The Act requires entities to report on the steps taken during its previous financial year to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods in Canada or elsewhere by the entity or of goods imported into Canada by the entity. There are seven mandatory reporting areas that must be investigated and reported on which include:

- Its structure, operations, and supply chains.
- Its policies and due diligence processes in relation to forced labour and child labour.
- The parts of its business and supply chains that carry a risk of forced labour or child labour being used and the steps it has taken to assess and manage that risk.
- Any measures taken to remediate any forced labour or child labour.
- Any measures taken to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in its activities and supply chains.
- The training provided to employees on forced labour and child labour.
- How the entity assesses its effectiveness in ensuring that forced labour and child labour are not being used in its business and supply chains.



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## Introduction

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This report is Vermeer Canada Inc. (“Vermeer”) response 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 (the Act), sections 11(1) and 11(3).

Vermeer 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 both the revenue and asset thresholds.

The financial reporting year of Vermeer covered by this report is fiscal year end October 31, 2023.

## Overview, Structure, Operations & Supply Chain

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### Overview

Vermeer was established in 1992, initially focusing on the distribution of construction and industrial equipment across Canada. Operating from its base in Toronto, Ontario, and other branches located throughout Canada, the company catered primarily to local construction businesses, benefiting from the rapid expansion of Canada's construction industry. Recognizing the growing demands of sectors like mining and landscaping, Vermeer continued to expand its operations in 2001, opening more branches and forging partnerships with major industrial manufacturers. This strategic expansion necessitated a move to a more accommodating facility to handle increased inventory and operational demands.

### Structure

Vermeer is intricately connected to several family trusts and corporations—namely the Burelle, Trombetta, and Drury families—each holding substantial equity through meticulously structured layers. These include Ontario-based entities such as 2328187 Ontario Inc. and 2328188 Ontario Inc., which manage a variety of common and preferred shares, ensuring controlled, strategic distribution of company ownership. Vermeer also has international reach and operational scope via Vermeer France S.A.S. This structure effectively combines family-led ownership with robust corporate strategy, supporting Vermeer’s operational goals both in Canada and internationally.

### Operations

Vermeer operates as a distributor and service provider for construction, tree care, landscape, and agricultural equipment across Canada. The company's primary activities involve the sale and service of specialized machinery, including trenchers, directional drills, and tree care equipment. Its operational infrastructure is supported by a network of service centers and dealerships throughout the country, which facilitate both sales and after-sales services. Vermeer has approximately 158 employees as of year-end 2023.

### Supply Chain



The table below presents the makeup of our supply chain by country, exclusive of any country that makes up  $\leq 1\%$  of total suppliers. Vermeer has 322 direct suppliers (combination of parts and equipment suppliers) from 2 major countries - United States of America (USA), and Canada. The rest are from overseas suppliers who are under 1% of total suppliers.

Country	Number of Suppliers	Percentage of Total
Canada	260	80%
USA	62	19%

## Policies & Due Diligence Processes

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Vermeer has the following policies and due diligence procedures in place to identify and mitigate the risk of child labour and forced labour within our internal activities and supply chain.

### Internal Policies

#### Due Diligence Processes

##### *Training and Awareness*

All Vermeer employees undergo mandatory training designed to recognize and respond to instances of violence and harassment. This training is critical in preventing incidents and ensuring that employees know how to act in potential situations, thereby enhancing overall employee well-being.

##### *Regular Policy Reviews and Updates*

Vermeer's Health and safety policies are reviewed annually, with input from the Joint Health and Safety Committee. This ensures that healthy and safety policies remain relevant and effective, adapting to new challenges or legislative changes. Regular updates keep the workforce informed and engaged with the latest standards and practices, to promote a safe workplace.

## Supply Chain Risk Assessment

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A risk assessment over Vermeer's country of operation, country of suppliers and types of goods procured has been performed over material direct suppliers. This risk assessment used two separate indices to conclude on inherent risk of child and/or forced labour related to goods and countries - *Walk Free's Global Slavery Index* and the *US Department of Labor's List of Goods Produced by Child Labor or Forced Labor*.

### Country of Operation

We conducted a risk assessment on our country of operation. We found that there were low inherent risks of forced labour or child labour in Canada. Vermeer has all its 158 employees located in Canada.

### Country of Suppliers

We conducted a risk assessment on the locations where our suppliers are located. We found that there were inherent low risks of forced labour or child labour in all major vendor locations – Canada and USA.

### Goods Procured

We conducted a risk assessment on the types of goods procured from our suppliers. Vermeer procures a wide range of goods focused on the needs of the construction, landscaping, mining, and agricultural industries. Most goods procured by Vermeer include machine parts and full equipment parts. The following are the main raw materials used in the parts/equipment purchased as per the US Indices mentioned above:

1. Copper – this has an inherent higher risk of child and forced labour.
2. Rubber – this has an inherent high risk of child and forced labour.
3. Iron – this has an inherent high risk of child and forced labour.

This does not mean that evidence of forced labour or child labour was found to support this risk analysis but that there is an increased inherent risk which necessitates closer scrutiny by Vermeer to ensure those risks do not flow through from the goods we procure. We will continue to monitor the types of goods we procure, and the risk of forced labour and child labour associated with these goods.

Goods (key raw materials)	Inherent Risk per Good	Overall Risk
Copper	High	High
Rubber	High	High
Iron	High	High

## Remediation of Forced & Child Labour & Vulnerable Family Income Loss

Vermeer is in the process of understanding and evaluating its supply chain related to the risk of child labour and forced labour. To date, Vermeer has not identified instances of the use of child labour or forced labour within our operations or those of our suppliers. Vermeer is continuing to review its procurement practices to enhance the rigor of its due diligence processes including raising awareness with its suppliers. At Vermeer, we commit to remediate human rights incidents and violations that occur within our operations and supply chain. During the year 2023, we received zero (0) complaints about Human Rights' contraventions internally and externally. We will continue to monitor processes to ensure

we do not conduct business with entities that violate human rights or labour rights, and we will immediately cease partnership with a vendor if evidence of forced labour or child labour is found.

## Awareness Training

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Vermeer does not have training in place specifically on the topic of child labour or forced labour. However, of the policies identified above relevant to this Act, when onboarding new employees, part of this process includes employees reviewing the Employee Handbook to ensure the employee understands the company's standards and expectations regarding acts of abuse, harassment policy, and employee conduct and behaviour. Vermeer recognizes the opportunity to enhance employee training relevant to this Act, therefore, will be evaluating applicable training for staff in the foreseeable future.

## Steps Taken to Prevent & Reduce Risk of Child Labour or Forced Labour

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Vermeer has taken some of the following steps to prevent and reduce the risk of child labour or forced labour in our activities and supply chain:

1. Vermeer has mapped their supply chain to complete a risk assessment to align with the Act.
2. Conducted an internal assessment of risks of forced labour and/or child labour by identifying the good(s) within our supply chain that have inherent risks of child labour and/or forced labour.
3. Developed employee specific policies to create a channel where employees feel safe to report instances of workplace violence, harassment, and bullying.

Going forward the following remediation measures against forced/child labour will be implemented especially for our supply chains:

4. Vermeer has identified the opportunity to integrate contractual clauses within supplier agreements and questionnaires related to anti-forced labour and/or child labour.
5. Vermeer will utilize supplier questionnaires and or onsite/virtual visits, where expedient, for key suppliers to monitor supplier relationships. Both mechanisms have been identified as opportunities to evaluate the use of forced labor and/or child labor.
6. Vermeer has identified the opportunity to develop employee training relevant to child labour and/or forced labour.

## Attestation

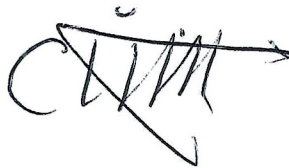
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In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for Vermeer Canada Inc. Based on my knowledge, and having exercised reasonable diligence, I 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: CHRIS BURCLL

Date: May 29, 2024

Title: PRESIDENT.

Signature: 

I have the authority to bind "Vermeer Canada Inc." and this report covers fiscal year October 2022 to October 2023 and applies to "Vermeer Canada Inc."

[End of Report Content]

## Conclusion/Key Takeways

Areas and mechanisms have been noted with opportunities for enhancement to further reduce the risk of forced labour and/or child labour within activities and supply chains. These include:

### *Recommendations Related to Vermeer Activities:*

1. Employee training: It is recommended that employee training on the topic of child labour and forced labour, be implemented into existing employee training programs. Vermeer to decide if this training will be mandatory or optional, who will take part and how training will be delivered.

### *Recommendations Related to Suppliers:*

1. Supplier Agreements: It is recommended that Vermeer considers the addition of anti-child labour and forced labour clauses within supplier agreements. These clauses would explicitly state a zero-tolerance for the use of child labour and/or forced labour within the supplier's operations and supply chain. This clause should include the result if an issue of non-compliance arises. See Appendix for an example to be considered.
2. Supplier Questionnaires: It is recommended that Vermeer considers developing a supplier questionnaire as part of their processes relating to child labour and forced labour. This questionnaire should be sent to existing suppliers as well. Responses received from suppliers should be kept in a centralized system, to understand how the risk of child labour or forced labour affects suppliers. Examples of this include:
  - a. Confirmation if supplier is required to report or comply with this Act or laws from another country addressing forced labour or child labour.
  - b. Inquiry of supplier's visibility over their own supply chain
  - c. Inquiry if supplier performs screening or due diligence processes over prospective suppliers.
  - d. Inquiry regarding the hiring process and legal age of workers



An example of questions to be considered has been included within the Appendix.

3. **Supplier Code of Conduct:** It is recommended that Vermeer implement a supplier code of conduct. Similar to the employee handbook, this code sets the expectations of supplier performance, conduct, and responsibility of upholding company policies and procedures. Within this code, it is recommended that disciplinary action is explicit, should there be an issue of non-compliance.
4. **Supplier Monitoring:** When attending supplier operations during on-site visits, it is recommended that Vermeer verify the performance and compliance of suppliers as it relates to the supplier questionnaire, code of conduct (if implemented) and supplier agreement. This provides an opportunity to conduct supplier audits and monitoring over risks related to this Act. All questionnaires should be kept on a centralized database to understand how suppliers are mitigating the risk of child and forced labour. For suppliers that Vermeer does not visit, it is recommended that Vermeer considers routine monitoring for adherence and compliance with the supplier questionnaire, code of conduct (if implemented) and supplier agreement. Vermeer will need to decide which suppliers are to be reviewed, and at what frequency.

## Appendix

### Supplier Agreements – Sample Clause:

An example of verbiage to be considered adding into supplier agreements on the topic of child labour and/or forced labour includes:

*"The Supplier prohibits the use of child labor and forced labor within its operations and supply chain.*

*As defined by the International Labour Organization (ILO), forced labour is defined by work that is performed involuntarily and under the menace of any penalty.*

*As defined by the ILO, child labour is defined by work that deprives children of their childhood, their potential and their dignity, and that is harmful to physical and mental development.*

*Vermeer will not accept products from suppliers who use forms of forced labour or child labour."*

### Supplier Questionnaire – Sample Questions:

The following is a sample of questions related to child labour and forced labour to consider adding to the existing supplier questionnaire:

	Question	Response
<b>Supply Chain/Goods</b>		
1	Where do you source the goods / products that you supply to us? (list all countries that apply)	
2	Does your company perform screening of prospective suppliers prior to conducting business?	
3	As part of the screening process, does your company perform a screening of all prospective suppliers to assess the risks of forced labour and child labour or other human rights harm that may occur in its operations and supply chains?	
<b>Employees</b>		
1	Is your organization fully compliant with local law regarding minimum age of workers?	
2	If local law does not stipulate a minimum age of workers, does your organization have any employees/independent contractors under 15 years of age?	
<b>Policies and Procedures</b>		
1	Does your company have a policy or policies in place to deal with forced labour and child labour?	
2	Are there any other policies or procedures in place to bring to our attention (ie. Whistleblowers, human rights, working conditions etc.)  If yes, please provide a copy of these policies.	
<b>Compliance</b>		
1	Has your company ever identified or, been investigated for the use or risk of any forced labour and/or child labour in any of your business, activities, operations or supply chains (or otherwise)?	

2	If yes to the above, has there been remediation measures such as due diligence policies and processes implemented or developed, to identify, address and prohibit the use of forced labour and/or child labour in the organization's activities and supply chains?	
Training		
1	Are staff in your company trained on how to identify, assess, and respond to risks of forced labour and child labour?	