

AIV INTERNATIONAL, INC. – FIGHTING AGAINST FORCED LABOUR AND CHILD LABOUR IN SUPPLY CHAINS ACT REPORT

For the Financial Year Ending: December 31, 2024

Date of Report: May 31, 2025

I. INTRODUCTION

AIV International Inc. (“**AIV**”) submits this report in accordance with the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “**Act**”). This report outlines our current practices and the steps we have taken during our 2024 financial year to identify, prevent, and reduce the risk of forced labour and child labour being used in our supply chain.

II. STRUCTURE, ACTIVITIES, AND SUPPLY CHAINS

Structure and Activities

AIV is incorporated in the United States, Texas. Our Canadian operations are conducted through an extra-provincial registered branch in Alberta. AIV is a privately held company that is part of a larger corporate group with operations in the United States, Canada, the United Kingdom, Singapore, and the United Arab Emirates. AIV is not listed on a Canadian stock exchange but has a place of business, conducts business, and maintains assets in Canada.

AIV opened a Canada branch in 2010. Located in Nisku, Alberta, Canada, the facility houses our Canadian inventory of valves and is also used to perform in-house valve modifications through a sister company, GCM Canada.

AIV’s organizational structure includes management teams overseeing sales, purchasing, warehousing, and administration. The Canadian branch is managed from our facility in Edmonton, Alberta, and employs 24 staff across various functions including sales, customer service, warehouse operations, and administration. The Canadian branch reports to our parent company in the United States and operates as part of our global distribution network.

AIV’s primary business activity is the wholesale distribution of industrial valves and related products to business customers in the chemical, oilfield, petrochemical, pulp & paper, refining, power and water treatment industries. AIV does not manufacture goods.

AIV’s core activities include:

- Procuring valves and related products from established manufacturers
- Maintaining inventory in our Canadian warehouse
- Marketing and selling products to industrial customers throughout Canada
- Providing technical support and related services to our customers

AIV operates primarily as a distributor, sourcing most products we sell from Canadian suppliers or Canadian subsidiaries of international manufacturers. Our suppliers act as the importer of record for a majority (approximately 80%) of the goods we distribute in Canada. AIV will act as the importer of record into Canada when transferring inventory from our sister companies in the United States or the United Kingdom.

Supply Chains

AIV's supply chains reflect our position as a specialized distributor of industrial valves. Our procurement structure operates primarily through established relationships with manufacturers and authorized distributors of recognized valve brands. Our supplier selection prioritizes manufacturers whose products are widely accepted by end-users in the oil and gas, refining, and industrial sectors. These suppliers are predominantly large, well-established companies based in North America. Many of our customers, particularly refineries and major industrial facilities, maintain approved manufacturer lists, and we align our supplier relationships accordingly to ensure that our inventory meets these customer requirements.

Although our tier 1 suppliers are primarily North American entities, the manufacturing process spans multiple global locations. Our suppliers procure products from Canada and various other countries, including Italy, India, China, Mexico, and Taiwan. We document the country of origin for the products we purchase, regularly updating this information through direct communication with our suppliers. However, AIV's visibility into tier 3 suppliers and beyond is limited. We do not have direct visibility into raw material sourcing or the labour practices of our suppliers that are further upstream, particularly at tiers 3 and beyond.

III. POLICIES AND DUE DILIGENCE PROCESSES

During the 2024 financial year, AIV did not have policies and due diligence processes specifically focused on forced labour and child labour. However, we maintain several foundational policies and practices that contribute to ethical business conduct and respect for human rights:

Corporate Values and Code of Conduct

AIV's core values, as documented in our Employee Policy Manual, include "Integrity – to act with honesty and integrity in developing customer and employee relationships as well as in following industry regulations and standards." This value underpins our approach to business relationships and AIV's commitment to our employees.

Our Code of Conduct sets clear expectations for ethical business conduct. It affirms that "[o]ne essential goal of AIV Canada is to uphold ethical standards in all our standards in all our company activities." We strive to do business with customers and suppliers of sound business character and reputation. AIV will not knowingly support any public or private organization which practices discriminatory policies or practices. Our employees are expected to perform their work with honesty, objectivity, truthfulness and integrity.

Employment Policies

AIV upholds detailed employment policies that reflect our dedication to ethical workplace practices.

- **Equal Opportunity:** Our policy ensures that we select the best qualified person for each position without discrimination based on “race, color, ancestry, place of origin, religious beliefs, gender, age, physical disability, mental disability, marital status, family status, source of income and sexual orientation.” This policy applies to all employment practices, including recruitment terminations, rates of pay, and other forms of compensation or overtime.
- **Employment Verification:** AIV conducts thorough reference and background checks for all applications as part of our hiring process. Every offer of employment is contingent upon satisfactory completion of these checks.
- **Harassment-Free Work Environment:** AIV is committed to providing a workplace where all individuals are treated with respect and dignity. Our policy provides clear definitions of prohibited conduct, including general workplace harassment and other specific forms of harassment – such as sexual harassment – and establishes reporting and escalation procedures. The policy explicitly protects employees from retaliation for reporting harassment.
- **Workplace Violence:** AIV maintains a zero-tolerance policy for workplace violence, recognizing that such incidents carry significant human and financial costs. The policy specifically defines workplace violence, provides concrete examples of prohibited conduct and establishes enforcement procedures, including the immediate removal from the premises and potential disciplinary action.
- **Timekeeping and Overtime:** AIV maintains timekeeping policies to ensure accurate record-keeping of hours worked. Employees must accurately document their time. The policy explicitly states that “no employee shall be requested to incorrectly certify hours worked” and establishes a reporting mechanism for such request with protection from retaliation. Our overtime policy complies with all provincial employment standards and regulations. All overtime must be authorized in advance and employees are asked to sign a Memorandum of Agreement to ensure that have voluntarily agreed to work overtime hours.

Supplier Management

Our supplier selection process prioritizes reputable manufacturers whose products are widely approved by major industrial customers. We maintain records documenting the countries of origin for our products, updating this information regularly through direct communication with suppliers. Through Material Test Reports (MTRs) received for many products, we gain additional insights about specific foundries and component origins. As distributors sourcing predominantly from established North American suppliers or their subsidiaries, our process reflect industry standards for distributors in our sector, with a focus on ensuring product quality and technical compliance.

IV. FORCED LABOUR AND CHILD LABOUR RISKS

AIV has begun the process of identifying potential forced labour and child labour risks in our activities and supply chains. While we have not conducted a formal risk assessment during the 2024 financial year, we recognize based on industry knowledge that certain aspects of our supply chain may carry inherent risks.

Identified Risk Areas and Risk Assessment Process

Based on the nature of the products we distribute (primarily metal valves and related components) we have identified the following potential risk areas:

- **Raw Material Extraction and Processing:** The valve components we source rely on metals that must be mined, quarried, and processed. These activities, particularly in certain regions, carry risks of forced labour or child labour.
- **Manufacturing in Higher-Risk Regions:** Some of our suppliers source products or components from regions where labour oversight may be limited, potentially increasing the risk of labour abuses.
- **Extended Supply Chain Tiers:** We have limited visibility into our suppliers' labour practices beyond tier two. We have identified tier three suppliers and beyond as presenting higher risk due to this limited visibility.

AIV is committed to continuous improvement and is actively working to further assess and identify risks that apply to its business and supply chain on an ongoing basis.

V. REMEDIATION MEASURES

During the 2024 financial year, AIV did not implement remediation measures as we did not identify specific instances of forced labour or child labour in our supply chains.

VI. TRAINING

In the 2024 financial year, AIV did not provide training specifically focused on forced labour and child labour risks. However, we maintain a general training framework that includes elements relevant to ethical business conduct:

- **Employee Orientation:** All new employees receive orientation that includes an introduction to company values and policies.
- **Employee Handbook:** All employees are required to review and acknowledge the Employee Policy Manual, which includes the Code of Conduct and policies on ethical business practices.
- **Workplace Policies Training:** Employees receive training on workplace policies, including procedures for reporting concerns about workplace conduct.

As part of its commitment to continuous improvement, AIV intends to introduce new training materials in parallel with anticipated changes to our Employee Policy Manual and Procurement Processes.

VII. ASSESSING EFFECTIVENESS

Our current compliance assessment is primarily focused on ensuring adherence to our Employee Policy Manual, with processes that include review and sign-off on policies by employees, management oversight of business activities and supplier management.


VIII. ATTESTATION

In accordance with the requirements of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, and in particular section 11 thereof, I, in the capacity of President, attest that I have reviewed the information contained in the report on behalf of the governing body of AIV International, 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 within this report.

Full Name: Ray Gene Cook, III

Title: President

Date: March 18th, 2025

Signature: 

I have the authority to bind AIV International Inc.