



FORACO INTERNATIONAL S.A.



CANADA LTD.

ANNUAL REPORT

Purpose

This joint annual report for the 2024 financial reporting year has been created by Foraco Canada Ltd. (“**Foraco Canada**”) and Foraco International SA (“**Foraco International**”) the parent company of Foraco Canada (together, hereinafter referred to as “**Foraco**”) for the sole purpose of meeting their obligations and reporting requirements for entities pursuant to the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, SC 2023, c 9 (the “**Act**”). The content of this joint annual report is applicable to both entities described herein, unless indicated otherwise.

Organizational Structure, Activities, and Supply Chains

Foraco is a mineral drilling company that provides innovative solutions for the mineral exploration and mining industry as well as related water drilling services. Foraco develops customized drilling solutions that meet the needs of their customers. Foraco offers deep directional drilling, large diameter coring, and hydrogeological drilling.

Foraco International is listed on the TSX and is registered in France. Foraco Canada is principally located in North Bay, Ontario, Canada. Additionally, Foraco Canada has operations in Calgary, Picture Butte, Kamloops, Timmins, Winnipeg, Thompson, Sudbury, and Yellowknife.

Pursuant to this, Foraco Canada primarily sources machinery and drilling tools from Canada but from time to time also from Australia, United States of America, China, and Chile. In some instances, these suppliers have their own supply chains, including overseas supply chains. Foraco Canada is primarily a business-to-business service provider to the mineral drilling industry and engages in the sale of drilling tools and consumables to clients as part of these services in Canada.

Foraco does not engage in manufacturing the drilling equipment or supplies.

Policies and Due Diligence Processes

Foraco maintains policies and due diligence processes that promote responsible, ethical, and legal procurement practices, including with respect to labour practices within its supply chain.

Procurement is subject to the following:

- (a) Foraco’s Code of Ethical Conduct for its Suppliers and Business Partners (“**SCC**”) states that Foraco meets labour standards outlined in the Conventions of the International Labor Organization. Additionally, the SCC expects suppliers to act responsibly and observe the principles outlined in the SCC. This includes any third-party entities that Foraco’s suppliers commission to fulfill their obligations to Foraco. Foraco’s SCC requires that suppliers do not employ forced labour and child labour. Suppliers must comply with the rules outlined by the International Labor Organization Convention 138 concerning the minimum age of employment for children.
- (b) Foraco requires its suppliers to file its Suppliers Code of Conduct & ESG Questionnaire, which gathers information about suppliers’ labour practices, existing policies on forced labour and child

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labour, and the countries in which suppliers operate and manufacture their goods. Foraco's Supplier Selection Questionnaire also gathers information on the implementation of a Modern Slavery Statement from suppliers and requires suppliers to confirm whether they are located in a flagged country for forced labour or child labour.

- (c) Foraco's Human Rights & Anti-Slavery policy states that Foraco takes a zero-tolerance approach regarding forced labour and child labour. The policy further mandates employees to report any breaches of the Human Rights & Anti-Slavery policy to their immediate manager and states that all complaints will be addressed in complete anonymity and confidence.
- (d) Foraco's ESG Charter expressly states that Foraco will not tolerate any form of forced labour or child labour in the countries it operates in and will comply with all respect with all applicable laws and regulations, including the Act.
- c) Foraco's internal Code of Business Conduct and Ethics states that the expectation of Foraco is that all employees will comply with all applicable laws, rules, and regulations.
- d) Foraco's New Hire Process requires candidates to provide proof that they meet legal minimum age requirement to work. This helps ensure compliance with applicable employment standards and prevents the hiring of individuals who do not meet the minimum legal working age.

In addition, Foraco maintains employee policies that prescribe duties, responsibilities, and expectations of employment. This includes workplace policies and procedures to operate in compliance with provincial employment standards, human rights, and occupational health and safety legislation.

Steps Taken in Prior Financial Year

To help prevent and reduce the potential risk that forced labour or child labour is used at any step of the production of goods in Canada or elsewhere, or of goods imported into Canada, Foraco maintained and implemented policies and procedures, such as its Human Rights & Anti-Slavery policy and the addition of questions on suppliers' labour practices and policies related to forced labour and child labour in its Suppliers Code of Conduct & ESG Questionnaire and Supplier Selection Questionnaire. Furthermore, Foraco is bound by Foraco International SA's ESG Charter, which expressly state that Foraco will comply with the Act.

Forced Labour and Child Labour Risks

Foraco will be working to identify specific risks of forced labour and child labour that may exist in its supply chain. It is aware that there may be higher risks associated with certain regions, goods, and industries. To improve visibility and better identify areas of risk, Foraco will be continuing to track countries of origin for imported goods.

Remediation Measures

Foraco has not identified any forced labour or child labour in its activities or supply chains. As such, it has not undertaken any remediation measures.

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