

Report on Bill S-211 Fighting Against Forced Labour and Child Labour in Supply Chains Act

This single-entity report has been prepared and is filed by Hardt Equipment Manufacturing Inc. (Hardt) for the financial year ending October 31, 2024 (the reporting period) and sets out the steps to be taken in the future 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 or of goods imported into Canada by Hardt.

CORPORATE OVERVIEW

Hardt is a privately owned enterprise, located in Montreal, Quebec. It employs more than 160 employees which are overseen by a management team consisting of a President and CEO, Chief Operating Officer, Vice President of Operation, Vice President of Sales, Vice President of Engineering and Development. Other key business areas are overseen by a team of Directors.

Hardt Equipment Manufacturing Inc. is a mechanical integrator of Institutional Food Equipment. This proprietary equipment is assembled mostly with parts designed by Hardt's engineering team. These parts are made largely of sheet metal, machined and cast metal components. Hardt's equipment also utilizes some electrical components designed exclusively for its equipment as well as standard, off-the-shelf components. Our supplier base is composed of North American and International providers.

Its office and production facility are located in Montreal, Canada and its products are sold to the largest Retail Chains in North America. Hardt's equipment is utilized throughout the world. Its business model also covers, after-market-sale service of the equipment, by

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providing training, repairs, and troubleshooting the equipment in the field.

Many of our customers as well as key suppliers have long-standing relationships with Hardt that have been nurtured over the years. On the supply side of the business, these relationships are managed by the Vice-President of Operations who is supported by a team overseeing purchasing, planning, QC, and logistics.

CORPORATE CULTURE AND VALUES

Hardt is defined by its values which are well established and clearly entrenched in the corporate culture. Our average tenure is approximately 8 years. The values listed below, are often mentioned as a key reason for the longevity of our employees. Our values:

- I. **Communicate actively:** speak clearly and help the person you are speaking with understand what you are saying. Listen actively and put all your effort into trying to understand the person you are communicating with.
- II. **Voice and seek to resolve concerns:** speak up when you see potential problems, by offering constructive suggestions. Work with your colleagues to solve problems.
- III. **Work cooperatively & respectfully:** help others out, treat them as you would like to be treated, contribute to making our workplace somewhere it's enjoyable to work and where people respect each other.

- IV. Strive for improvements continuously: continue improving the way work is done and the way we work together, learn new things, welcome feedback, create new and better ways of achieving our goals.
- We have a special place that we can all be proud to have contributed to. We are happy and excited that you are part of our team and look forward to your continued contribution to help make us better. Health and Safety Committee

Our team has a clear mission: offer Responsive Reliable Solutions to our customers.

Responsive: we believe that getting back to people quickly is essential. It gives them comfort that their questions or concerns are being addressed. This is one of the factors that sets us apart from our competitors. You can play a vital role in our responsiveness by ensuring that you are responsive in all that you do.

Reliable: we are proud of the quality of the products and the work we create. Creating reliable products and services is not easy and takes a great deal of concentrated and continuous effort. However, our customers recognize the quality of all that we deliver, and this is why they remain loyal to us. You can play a role in our reliability by ensuring you put your best effort into all that you do.

Solutions: our drive to solve people's problems has helped build our outstanding reputation. Our ability to find ways to get things done, rather than explain why they can't be done, has allowed us to work with the largest retail companies in the world. You can play your part in finding solutions by remaining determined to explore opportunities and pushing your limits rather than accepting the way it is.

Our Human Resources Policies have been built over time and reflect our values and obligations towards our team. Hardt provides each new employee with a copy of its Employee Handbook. This booklet explains our mission and values and covers various policies most of which reflect laws applicable to Hardt. We explain and reinforce these values and policies as part of formal onboarding and integration process. The following are examples of key policies built with the HR framework of Hardt.

- Company Values
- Equal Employment Opportunity
- Information Technology
- Health and Safety
- Work Relations including Harassment and Discrimination
- Code of Conduct and Ethics

APPROACH

Hardt is a group of people working together to achieve our goals. Our team is based on mutual respect and respect is the underlying philosophy that governs all we do. Each person and position at Hardt are essential for our success, each employee is important and deserves respect. This concept is reflected in our employee handbook and in our evaluation process. Hardt strives to work with suppliers and manufacturers that align with its key principles, behaviors, and core values as well as comply with applicable laws and regulations.

Our exposure to the risk of forced labour and/or child labour in our supply chain increases when we engage with third parties primarily in the manufacturing category and from countries where those practices are known to exist. As such, our approach is risk based and focuses our actions and resources where the greatest exposure exists.

To mitigate potential forced labour and child labour risk, we follow a due diligence process that includes the following key components:

- Since the mid 2000's, members of Hardt's senior management have visited Hardt's major suppliers on a yearly basis. Visits include a walkthrough of their facilities. The visits are aimed at witnessing supplier's operational compliance and respect of Hardt's specifications, policies and values. They are a critical step to knowing and understanding our business partners. As an example, this practice continues today with three people comprised of our Purchasing Manager, Import Coordinator and the Vice President of Operations visiting a key country recently. During the most recent trip, the team was able to visit over 90% of our suppliers.

- Hardt communicated our obligations respecting forced labour and child labour to our supply chain. We further requested and received written confirmation from our suppliers that they acknowledged and respected these same obligations regarding forced labour and child labour in the supply chain in all their facilities. This practice is repeated annually.

Our policies and procedures are reviewed on an ongoing basis to assess their effectiveness. This includes our policies and procedures related to forced labour and child labour.

We provide employees with ongoing and periodic training opportunities to ensure that all employees have current knowledge and work towards improving their skills. In 2025, we will work towards ensuring that all employees and not only those in the supply chain management team are sensitized and trained on the prevention of child or forced labour.

Approval and Attestation

This report has been approved by the Chief Operating Officer. In accordance with the requirements of the Act, and in particular section 11 thereof, I, the undersigned, attest that I have reviewed and approved the information contained in this report for the entity listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in this report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

I have the authority to bind Hardt Equipment Manufacturing.



Full Name: Kevin Warren
Title: Chief Operating Officer
Date: May 30, 2024