



KLONDIKE



# FORCED LABOUR AND CHILD LABOUR REPORT 2024



## **FORCED LABOUR AND CHILD LABOUR IN SUPPLY CHAINS**

### **KLONDIKE LUBRICANTS CORPORATION**

KLONDIKE Lubricants Corporation is committed to preventing Forced Labour and Child Labour in Canadian Supply Chains, and we recognize our role in upholding transparency and ethical business practices. Established for more than two decades, KLONDIKE Lubricants Corporation ("KLONDIKE", the "Company") is registered and headquartered in British Columbia, Canada. KLONDIKE is engaged in the sale of a range of high-performance oils, lubricants, greases and fluids for industries including mining, forestry and construction.

KLONDIKE is committed to operating in compliance with all applicable laws and regulations while upholding the highest standards of ethics, integrity, and respect for human rights in all aspects of our business. As part of our ongoing efforts to prevent forced labour and child labour within our operations and supply chains, we present this statement for the financial reporting year ended on September 30, 2024.

### **OUR STRUCTURE**

KLONDIKE is privately owned and operated from Langley, British Columbia, Canada. We have a horizontal organizational structure with all department heads reporting to the CEO. During the year ending September 30, 2024, our team was located across all regions in Canada and in the west coast of the United States. KLONDIKE complies with all applicable regional regulations in creating a safe and healthy workplace.

### **OUR ACTIVITIES**

**Procurement and Manufacturing:** We collaborate with our manufacturing partners on producing various lubricants such as Heavy-Duty Engine Oils, Automotive Engine Oils, Gear Lubricants, Transmission Fluids, Hydraulic Fluids, Industrial & Functional Fluids, Greases, Biodegradable Lubricants, Food-grade lubricants, and Antifreeze Chemicals. Our manufacturing partners are mostly located in the United States and Canada, with additional sourcing in the UAE and select European countries

**Sale and Distribution of Products:** The finished lubricant products are shipped to our partner warehousing facilities, with five facilities located across Canada and one in the United States. These distribution centers play a crucial role in the overall supply chain. Products are sold and shipped from these facilities across Canada and the United States.



Locations of Operation: KLONDIKE's operations are located in both Canada and the United States, with headquarters in Langley, British Columbia, and distribution centers located in Alberta, British Columbia, Ontario, Quebec, New Brunswick, and Utah.

## **OUR SUPPLY CHAIN**

At KLONDIKE, our supply chain is centered around the wholesale distribution of finished products, which includes a diverse range of industrial lubricants. We collaborate with manufacturing partners located in regions such as the United States, Canada, the United Arab Emirates, and select European countries. These partners are responsible for producing our products to ensure high quality and consistency.

Once production is complete, finished goods are delivered to our partner warehouse facilities. These strategically located facilities serve as key hubs for inventory management, helping us maintain optimal stock levels and ensure product availability. Our logistics and distribution partners, based in both Canada and the United States, facilitate the efficient delivery of products to our customers across North America.

KLONDIKE is committed to conducting business exclusively with ethical and trustworthy partners. To uphold this standard, we have implemented a multi-faceted due diligence process to evaluate the background, operational capabilities, and reputation of all current and prospective partners. This process is designed to mitigate the risk of forced and child labour within our supply chain and operations.

## **RISKS OF FORCED LABOUR AND CHILD LABOUR IN OUR SUPPLY CHAIN**

We evaluate the risks in our supply chain through three key categories: (1) country-level risk; (2) operation risk and (3) selection process risk. We use the results to update our processes and due diligence approach. On-the-ground findings from our teams also trigger updates to our risk assessments.

- **Country-level risk:** Our supply chain is predominantly concentrated in North America, with approximately 90% of our partners based in the United States and Canada. According to the U.S. Department of Labor's Bureau of International Labor Affairs (ILAB), both countries are classified as low risk for forced labour and child labour due to their comprehensive legal frameworks, strong enforcement mechanisms, and longstanding commitment to labour rights. A small portion of our supply chain operates in regions identified by ILAB as presenting moderate risk of forced labour in certain industries. While the suppliers we engage in these regions are active in industrial manufacturing, a sector not commonly associated with elevated forced labour risk, we recognize the importance of vigilance. To address potential concerns, KLONDIKE has implemented enhanced due diligence procedures, including supplier vetting, documentation reviews, and physical site visits. These measures support our commitment to labour rights and ensure that our supply chain partners align with our standards for responsible business conduct.

- Operation risk: KLONDIKE operates solely from our head office located in British Columbia, Canada, with additional remote workers situated across Canada and the United States. All employees were hired voluntarily and in accordance with labour laws. We confirm no presence of forced and child labour in our head office operations.
- Selection process risk: Central to our strategy is establishing sustainable partnerships with suppliers, enabling us to recognize, assess, and tackle risks effectively. We purposefully maintain a streamlined and carefully selected supply chain, evaluating all potential suppliers based on financial standing, reputation, and their adherence to labour rights. Approval of a new supplier hinges on meeting our performance criteria.

## **DUE DILIGENCE**

KLONDIKE undertakes due diligence efforts to assess the presence of forced labour and child labour in our supply chain and operational activities. This includes a multi-faceted approach:

- Vendor Selection: We vet potential vendors, ensuring they align with our ethical standards and adhere to labour laws. This involves evaluating their labour practices, compliance history, and commitment to human rights.
  - a) Preliminary Evaluation: The due diligence process begins with a preliminary assessment of the supplier's reputation, industry standing, and historical performance. We examine operational history, customer feedback, and any relevant certifications or accolades.
  - b) Sampling and Documentation Request: Upon establishing initial interest, we request samples of the supplier's products for thorough evaluation. Additionally, we review documentation regarding the composition, sourcing, and production processes involved. We also request suppliers to provide registration documents and certifications to ensure they are in adherence to applicable regulatory requirements.
  - c) Factory Visit and Inspection: Following the satisfactory evaluation of samples and documentation, we perform on-site visits to suppliers. This visit is conducted by a cross-functional team comprising representatives from each operational area. Our team conducts inspections of the suppliers' premises, assessing factors such as cleanliness, organization, adherence to safety protocols and labour laws. We engage in face-to-face discussions with personnel from various departments. These interactions provide valuable insights into the suppliers' management practices and identify any potential areas carrying the risk of forced and child labour. Throughout the visit, our team visually

corroborates the information provided, ensuring alignment between stated practices, and observed realities.

- **Site Visits and Ongoing Monitoring:** We regularly conduct on-site visits to key suppliers and assess working conditions and labour practices firsthand. These visits provide valuable insights into the treatment of workers and any potential risks of forced and/or child labour.
- **Collaboration and Engagement:** We encourage key suppliers to promote awareness of ethical labour practices and provide support in implementing improvements. This collaborative approach fosters a culture of transparency and accountability throughout our supply chain.

KLONDIKE is committed not only to identifying and addressing risks of forced and child labour but also to proactively preventing their occurrence. Recognizing that our approach may continue to evolve, we are dedicated to enhancing employee training and sharing best practices and resources across our supplier network to uphold human rights and foster responsible business conduct.

## **REMEDIATION MEASURES**

To date, KLONDIKE has not identified any instances of forced or child labour within its operations or supply chain that required remediation. KLONDIKE maintains a zero-tolerance policy for forced and child labour and is committed to upholding all applicable local laws and international human rights standards. As part of our due diligence framework, we conduct ongoing risk assessments, supplier evaluations, and monitoring activities to identify and mitigate potential risks. In the event that forced or child labour is detected, KLONDIKE will implement a formal remediation process, which may include discontinuing relationships with non-compliant suppliers. These practices are integral to our broader commitment to ethical sourcing and responsible business conduct.

## **REMEDIATION OF LOSS OF INCOME**

We have not identified any loss of income to vulnerable families resulting from actions taken to eliminate the use of forced labour or child labour.

## **TRAINING AND RAISING AWARENESS**

In 2024, KLONDIKE implemented targeted process improvements in vendor assessment and reinforced employee awareness through continuous internal communication and the promotion of open dialogue. Employees involved in procurement or interacting with suppliers were encouraged to maintain vigilance for potential red flags and to approach vendor engagements with a critical, informed mindset. We



emphasized the importance of asking thoughtful, informed questions during supplier evaluations and considering labour practices as a core component of our broader risk assessment strategy.

Looking ahead to 2025, KLONDIKE will focus on strengthening internal capacity and awareness through the following key initiatives:

- Training Program Development – We plan to identify and implement a reputable training program tailored to enhance employee knowledge of ethical sourcing and supply chain risk factors, with a particular focus on forced and child labour.
- Process Enhancement – We will continue to improve our due diligence framework by incorporating structured guidance for supplier interviews, site assessments, and documentation reviews. These updates will align with evolving regulatory requirements and best practices.
- Policy Formalization – As part of our compliance strategy, we will formalize policies and introduce standardized questionnaires for use during supplier onboarding. These tools will include requirements for formal supplier acknowledgment of adherence to applicable labour laws and ethical sourcing standards.

KLONDIKE remains committed to embedding these measures into our daily operations throughout 2025. In the meantime, we are exploring available resources and partnerships that can support the effective implementation of these initiatives. Upholding responsible business conduct and the highest standards of labour rights across our supply chains remains central to our values and operations.

## **ASSESSING EFFECTIVENESS**

KLONDIKE has conducted an extensive risk assessment of our supply chain, considering factors such as the source country, product type, and financial significance. Our evaluation has affirmed the effectiveness of our measures. We regularly conduct self-reviews and improvements of our due diligence policies and practices, ensuring they are completed and promptly address any forced and child labour risks. Additionally, we perform ongoing monitoring and regular on-site visits to our supply chain partners to assess working conditions and labour practices firsthand. We are confident that our measures to manage risks related to forced and child labour are well structured. As an added measure, we will continue to strengthen employee awareness and training in this area.

## **JOINT REPORTING**

This report pertains only to KLONDIKE Lubricants Corporation. No joint reporting is applicable at this time.

## **OTHER JURISDICTIONS**



KLONDIKE does not currently report under any international forced labour legislation, such as the United Kingdom's Modern Slavery Act 2015 or Australia's Modern Slavery Act 2018. These laws are not applicable to our operations at this time.

#### **REPORT APPROVAL AND ATTESTATION**

In accordance with the requirements of the Fighting Against Forced Labour and Child Labour in Supply Chains Act (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 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. I have the authority to bind KLONDIKE Lubricants Corporation.

A blue ink handwritten signature, appearing to read 'Liroy Haddad', written in a cursive style.

**Liroy Haddad**  
President

Date: May 31, 2025