



## Forced Labour and Child Labour in Supply Chains Report

Fiscal Year 2024

---

### 1. ABOUT THIS REPORT

This report has been prepared in accordance with Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "Act") by PakFab Engineered Solutions Corp. (the "Company"), covering its last financial year ending December 31, 2024.

This report outlines the Company's efforts and actions during its previous financial year in identifying and understanding the risk of forced labour and child labour within its operations and supply chains, and the key steps taken to strengthen controls aimed at preventing and mitigating potential risks.

References in this report to "PakFab", "we", "our" and similar terms are to the Company.

### 2. PREVENTING AND REDUCING RISKS OF FORCED LABOUR AND CHILD LABOUR

We are dedicated to upholding human rights in our operations and we are committed to creating a safe, healthy, inclusive, and discrimination-free work environment. We strictly prohibit all forms of harassment, coercion, and disruptive conduct, and we expect our suppliers to adhere to these same standards.

During the last financial year, guided by our desire to further integrate responsible business conduct into our activities, we implemented the following measures:

- We adopted a new Supplier Code of Ethics to strive to retain the trust of all stakeholders through mitigating financial, environmental, legal, and reputational risks, including those relating to forced and child labour.
- We sent the Supplier Code of Ethics to all our suppliers.

Moreover, we continued to gather detailed information on our employees, and diligently collecting necessary identification documents to ensure voluntary recruitment. We also continued to apply diligent procedures for reporting workplace violence or bullying incidents.

Further details regarding the aforementioned actions and contemplated initiatives are provided in this report.

### 3. ABOUT US & OUR SUPPLY CHAIN

PakFab is a prominent North American manufacturer specializing in returnable packaging for the automotive, agricultural, aerospace, and recreational sectors. Originally established as PFI in 2003 and primarily focusing on manufacturing, PakFab was added to our group in 2010, for a greater emphasis on design and sales. Always committed to delivering cutting-edge returnable

packaging solutions and after a successful period of collaboration, PakFab and PFI merged in 2021 to establish a globally integrated provider of packaging solutions.

Headquartered in Ontario, Canada, PakFab has one facility with over 270 employees in Aylmer, Ontario. We also own subsidiaries in the United States and Mexico, where we operate three additional facilities.

We employ streamlined processes to strategically procure parts and materials within each country's region to enhance efficiency and effectiveness.

Our Canadian operations have a strong commitment to local sourcing as we strive to procure our goods within the community in which we operate. The vast majority of our direct suppliers are located in the United States and Canada, accounting for approximately 90% of our purchases in fiscal year 2024. Steel, which accounts for approximately 45 % of our raw materials, is mainly sourced from mills in North America. We also have modest procurement from suppliers in Mexico and further down in our supply chain, some of our suppliers source certain goods from China and Turkey.

We cultivate enduring partnerships with reputable suppliers in the industry, with relationships of over five years with more than half of our suppliers, which allows us to effectively reduce risks. We hold the expectation that all our suppliers adhere to high standards that uphold our esteemed reputation.

#### **4. POLICIES AND DUE DILIGENCE PROCESSES**

In 2024, we continued to embed responsible business practices into our policies to promote high standards of human rights, ethical conduct, and social responsibility. While we may not have specific due diligence processes exclusively focused on preventing forced and child labour, we actively strive to identify and minimize any potential risks related to forced and child labour across our operations and supply chains. This includes reinforcing our commitment to strictly prohibit the utilization of forced labour and child labour by our suppliers and service providers, as outlined in our Supplier Code of Ethics, and to emphasize the importance of voluntary recruitment through our established recruitment process.

##### **Supplier Code of Ethics**

Through our Supplier Code of Ethics, we monitor our suppliers and ensure compliance with human rights standards. The code explicitly states that all our suppliers and service providers must commit to abstaining from employing any form of forced labour or child labour, and also outlines our expectations and standards, emphasizing the importance of maintaining a safe and healthy work environment. This code applies to both the suppliers themselves and their associated contractors and subcontractors.

Our suppliers are required to sign and adhere to this code, and they are responsible for ensuring that their subcontractors and outsource partners also adhere to the code. The vast majority of our suppliers have signed the Supplier Code of Ethics to date and we continue to follow up with those that have yet to do so. Additionally, to strengthen the implementation of this measure, the code provides that audits may be conducted at any time without prior notice. We conduct such audits as part of the onboarding of new suppliers and during our annual business reviews of key or select suppliers, during which we verify general compliance.

## **Our Employee Handbook and Recruitment Process**

Our Employee Handbook emphasizes the importance of creating a work environment free from discrimination, harassment, and disrespectful behavior. We are dedicated to building and preserving a safe, productive, and healthy workplace based on mutual respect. Our zero-tolerance policy towards discrimination is an integral part of this commitment.

The Employee Handbook also outlines procedures and clear guidelines for reporting workplace violence or bullying incidents. Employees are encouraged to promptly report any such incidents to management or human resources department, and the Company is committed to thoroughly investigating each report, consulting relevant parties, documenting incidents and investigations, and taking necessary measures to mitigate risks. Additionally, the Company conducts annual reviews of the policy and hazard assessment, making revisions as needed to ensure its effectiveness.

We have continued to apply comprehensive measures to ensure voluntary recruitment, maintain internal controls, and comply with legal requirements. These include utilizing public platforms for job postings, conducting screening interviews to gather detailed information on candidates' work status, ensuring current employees voluntarily applied for their roles, diligently collecting necessary identification documents and verifying legal eligibility for work. Once a candidate accepts an offer letter, the new hire information allows the Company to verify the candidate's age, ensuring compliance with the minimum age required by law.

In addition, the Company offers all employees a Work-Life Employee Assistance Program through our benefits provider, RBC Insurance, that allows employees to access online and over the phone resources. Employees would be able to utilize this employer-paid benefit to reach out for help and counselling.

## **5. RISK ASSESSMENT**

Considering that our direct suppliers are predominantly based in Canada and the United States, where labour standards are strictly enforced, we believe that the likelihood of forced and child labour in our direct supply chain is generally low. Furthermore, our large direct suppliers also supply other large clients, requiring them to adhere to strict policies and procedures aimed at combating the risks of forced and child labor.

While our risk assessment is still ongoing, we recognize that we currently lack comprehensive visibility into the value chains of our primary suppliers, some of whom may operate factories or value chains extending to countries or regions with a potentially higher risk of forced labour and child labour. To date, we have not identified specific human rights risks within our operations and supply chain.

That said, we believe that fostering long-term and trusted business relationships with our partners and suppliers may help to mitigate supply chain risks. Furthermore, our Supplier Code of Ethics is designed to promote elevated human rights standards throughout the entire supply chain, as it mandates that our suppliers not only comply with these standards but also ensure that their subcontractors and outsourced partners also uphold the same requirements. We are confident that these measures will significantly contribute to prevent and reduce any areas of concern.

Given that we have not yet identified any instances of forced labour or child labour in our activities and supply chains, no measures were taken to remediate such instances or to remediate the loss of income to the most vulnerable families that may result from any such measures.

In the event that any allegations of forced labour or child labour in our operations or supply chains are discovered, we will take them seriously and conduct an investigation as soon as possible to address any potential risks.

## **6. TRAINING AND CAPABILITY BUILDING**

Although we did not conduct formal training on forced and child labour in the previous financial year, we have implemented various training programs to address related concerns. For instance, as part of our Health and Safety Orientation, we emphasize that employees have the right to refuse unsafe work and that they are encouraged to report any unethical conduct or inappropriate behavior. Additionally, we regularly review policies, including our Employee Handbook, to ensure they are up-to-date and aligned with our values and needs.

## **7. ASSESSING THE EFFECTIVENESS OF OUR APPROACH**

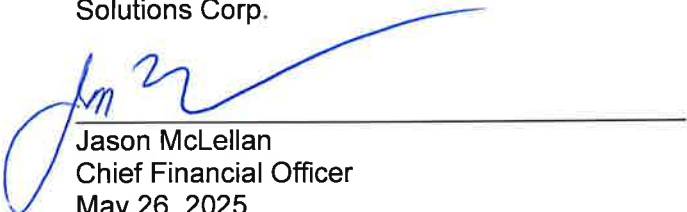
We are committed to continuously identifying, assessing, and proactively addressing the risks associated with forced and child labour in our operations and supply chains. While we do not have formal procedures to evaluate the effectiveness of our current measures, we firmly believe that fostering transparency with our suppliers and cultivating responsible business relationships will enable us to uphold the highest ethical standards throughout our entire supply chain.

## **8. APPROVAL AND ATTESTATION**

This report was approved by the Board of Directors of PakFab Engineered Solutions Corp. on May 26, 2025 pursuant to subparagraph 11 (4)(a) of the Act and constitutes PakFab's report for the financial year ending December 31, 2024.

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 the Company. 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 indicated above.

I have the authority to bind PakFab Engineered Solutions Corp.



---

Jason McLellan  
Chief Financial Officer  
May 26, 2025