

# MODERN SLAVERY ANNUAL REPORT

FINANCIAL YEAR ENDED: AUGUST 31, 2025



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## Introduction

### Regulatory Compliance Overview:

The Canadian Fighting Against Forced Labour and Child Labour in Supply Chains Act (the "**Act**") mandates that entities disclose the measures they have implemented over the fiscal year to mitigate the risks of forced and child labour (collectively, "**modern slavery**") in their operations and supply chains. This is a report prepared for Stockdales Electric Motor Corp ("**SEMC**") (herein referred to as "**we**", "**us**", or "**our**") a company operating within the Madison Industrial Group of businesses, and a subsidiary of Madison Venture Corporation ("**MVC**"). SEMC is required to publish and report under the applicable Act. This report covers SEMC's fiscal year beginning September 1, 2024 and ending August 31, 2025 ("**fiscal 2025**"), and details the actions taken by SEMC in fiscal 2025 to address these critical issues.

### About the Business:

SEMC is a Saskatchewan corporation based in Regina, Saskatchewan, with additional facilities in Saskatoon, Saskatchewan. It offers advanced solutions in automation, mining, and custom panel manufacturing and is one of the leading distributors of industrial controls and automation products in Canada. SEMC serves various industries, including farm and commercial agriculture, steel and pipe handling, and wastewater systems. It supplies and repairs electric motors and gearings across these industries and provides custom enclosure fabrication for specific customer needs.

### Commitment Statement:

SEMC is dedicated to the ethical and responsible conduct of our business. We strongly discourage and do not endorse modern slavery in our business and supply chains. We are committed to aligning our practices with the Act to uphold human rights and dignity.

### Report Scope:

This report primarily covers actions SEMC has taken in fiscal 2025 to mitigate the risk of modern slavery within its operations and supply chains, both in Canada and internationally. It also references foundational efforts initiated in fiscal 2024.



## Company Structure and Supply Chains

### Organizational Structure:

SEMC operates within the Madison Industrial Group of businesses as a wholly owned indirect subsidiary of MVC. SEMC was acquired by MVC and first became part of the Madison Industrial Group in 2024. As part of this acquisition, SEMC's financial year was changed from an October 31<sup>st</sup> to an August 31<sup>st</sup> year-end. MVC, as the parent company, provides strategic oversight and ensures unified corporate governance standards across the group. This framework assists SEMC in maintaining high ethical standards and operational excellence, particularly in addressing compliance with the Act.

### Supply Chain Overview:

Supporting SEMC's domestic operations, its supply chain consists of:

**Direct suppliers** who provide IT hardware and software, tooling, components, parts, automation and control products, electric motors, and other items incorporated into the core offerings of the industrial automation and energy services companies. SEMC establishes long-term relationships with direct suppliers and, whenever possible, identifies potential substitute supply arrangements for smaller components.

**Indirect suppliers** who provide services or goods that support SEMC's operations but are either not incorporated into its core offerings, such as waste removal, facility maintenance, information technology, and accounting services, or which offer consumables such as warehouse and office supplies.

A diverse group of direct suppliers supports SEMC, each contributing essential products and components that enhance our automation and control capabilities. These suppliers provide an extensive array of items, including servo systems, variable frequency drives, programmable controllers, large AC and DC motors, photovoltaic inverters, manual motor controllers, torque control solutions, process instrumentation, motion systems, electrical enclosures, control panel components, and industrial safety devices.

SEMC engaged with 650 direct suppliers in fiscal 2025, all situated within Canada and the United States, except for one supplier located in the United Kingdom. We manage modern slavery risks in our supply chain by engaging reputable suppliers based primarily in Canada and the United States.



## Company Policies

SEMC is committed to ethical business practices. As part of this commitment, we have embedded human rights considerations into our policies, governance framework, and decision-making, as detailed in the subsequent sections:

### Policies:

SEMC's policies establish SEMC's baseline expectations and reinforce SEMC's values and objectives.

SEMC's policy entitled HR1.39: Forced Labour and Child Labour, requires that workers freely choose employment and our partners comply with the Act and that supplier contracts mandate adherence to employment standards, labour laws, and human-rights legislation. The following is a summary of the SEMC's HR1.39: Forced Labour and Child Labour policy:

SEMC is committed to ensuring that workers have the right to choose employment freely, without threats to their safety. We seek to do business with entities that do not engage in forced or child labor. Compliance with the Act requires reporting on measures to prevent and reduce the risk of forced and child labor.

Suppliers must follow employment standards, labor laws, non-discrimination, and human rights legislation. Supplier contracts include terms related to compliance, ensuring alignment with these principles. SEMC is dedicated to upholding human rights, dignity, and ethical practices, aiming to contribute to the eradication of forced and child labor for a sustainable and equitable future.

In fiscal 2025, SEMC distributed internal communications to relevant senior leaders and key personnel involved in its procurement and supply chain operations to reinforce SEMC's commitment to ethical sourcing practices, including its policy aligned with the principles outlined in the Act on modern slavery. As part of its annual compliance and reporting process, individuals in leadership, procurement, sales, design, service, and manufacturing roles were asked to review and acknowledge the HR1.39 policy.

### Due Diligence

In fiscal 2025, SEMC solicited information from our high-priority suppliers regarding their adherence to guidelines and processes that support ethical business practices and combat modern slavery. Through our Vendor Risk Assessment, we ask suppliers to detail their controls, policies, and training aimed at identifying, mitigating, and addressing risks of forced and child labor within their operations and supply chains, including:

- Modern Slavery Risk Controls
- Formal Modern Slavery Policy
- Modern Slavery Training Programs
- Supply Chain Mapping and Risk Analysis
- Incident Reporting and Mitigation
- Insurance and Compliance
- Quality Assurance
- Safety and Human Rights Compliance



## Assessing and Managing Risk

In fiscal 2025, SEMC continued addressing modern slavery risks across our workforce, operations, and supply chains, as detailed in the subsequent sections:

### Assessing and Managing the Risks of Modern Slavery

SEMC evaluates the potential risks of modern slavery across three key areas, as described below:

**Among SEMC’s Workforce:** SEMC believes that the risk of modern slavery among its employees is low. This dedicated team helps oversee and enforce labor standards and safety protocols, promoting compliance with local, provincial, and federal labor laws and conducting regular training sessions on workplace safety. Additionally, proactive third-party compliance checklists, internal audits, and thoughtful hiring practices, including background checks and verification processes, have been implemented to mitigate the risk of modern slavery within our operations.

**Within SEMC’s Operations:** SEMC is committed to transparency and ethical practices at all production and service provision levels. Regular reviews are conducted, in part, to identify and address any potential risks related to modern slavery. Our proactive approach includes engaging with employees through open communication channels to report unethical practices without fear of retaliation.

SEMC further ensures these employment standards by engaging Environmental, Health, and Safety (“**EHS**”) and Human Resources (“**HR**”) professionals who, in part, work to confirm the following in our operations:

- Facilities comply with applicable employment standards, including minimum age requirements.
- Labour is voluntary, ensuring that workers are not coerced into employment.
- Working hours align with local laws and standards, promoting fair labour practices.
- Workers are properly compensated according to legal and industry norms.

- Facilities adhere to health and safety laws and regulations, safeguarding worker wellbeing.
- Workers are not exploited.

**Within SEMC's Supply Chains:** Acknowledging the potential risks of modern slavery, SEMC proactively engages all suppliers through our Vendor Pre-qualification and Risk Assessment processes to ensure alignment with ethical practices that prevent modern slavery. While we rely on our suppliers to uphold these standards, we reserve the right to conduct targeted audits if significant risks are identified.

In fiscal 2025, SEMC conducted a risk assessment of all high-impact suppliers based on SEMC's annual supply chain expenditure. This proactive measure, utilizing supply chain mapping for our direct vendors (who are located almost entirely within Canada or the United States) confirmed that none of these suppliers were flagged for risks when checked against the U.S. Department of Labor's [ILAB list of suspect goods and source countries](#).

SEMC recognizes that our exposure to the risk of modern slavery increases when we do not have visibility of the indirect suppliers in our supply chain. Given the complexities of assessing risks associated with indirect suppliers, over whom SEMC has limited control and visibility, we acknowledge the necessity of adopting specific supplementary measures. These measures, detailed in the next section, aim to enhance our oversight and management of such risks.

### Measures Implemented:

Foundational policies were introduced in fiscal 2023, such as Diversity, Equity, and Inclusion guidelines and the engagement of EHS and HR professionals indirectly supported these efforts. Building on this groundwork, in fiscal 2025, we implemented targeted measures to identify, assess, and mitigate modern slavery risks more directly. These initiatives, detailed in the following sections, demonstrate our commitment to ethical sourcing and responsible business practices.

- **Ethical Business Practices:** Internal policies for diversity, equity, and inclusion were employed.
- **Oversight and Management:** SEMC benefits from engaging an EHS consultant and a HR manager. These roles are essential in maintaining compliance with labour laws, conducting training sessions, and overseeing workplace safety, all of which contribute to minimizing the risks of modern slavery.
- **Commitment and Policies:** SEMC formalizes its commitment to addressing modern slavery with its HR1.39: Forced Labour and Child Labour policy and Vendor Risk Assessment.

In fiscal 2025, SEMC formally assessed its key suppliers based on annual expenditure and supplier location. The Vendor Risk Assessments were distributed early in the fiscal year, over 93% of the identified suppliers responded. A positive increase, approximately 13%, compared to fiscal 2024. None of the responding suppliers self-identified any risk of non-compliance with prohibitions against modern slavery. No significant new suppliers were added to SEMC’s supply chain during fiscal 2025.

### Training

By end of fiscal 2025, all SEMC employee’s involved in the supply chain operations or hiring managerial duties completed a dedicated training program first launched in fiscal 2024 to raise awareness among key personnel about modern slavery risks in our supply chain and to support compliance with the Act. SEMC selected a reputable third-party workplace training provider specializing in workplace compliance education to provide this online training program on modern slavery issues to key employees. The course included embedded knowledge checks and covered the following key topics:

1. Overview of Labour Laws in Canada
2. The Act
3. Penalties and Enforcement
4. Compliance Requirements
5. Reporting Obligations
6. Summary Review: “What Have We Learned?”

The training's completion is tracked, and follow-up reminders are issued to ensure full participation by relevant employees. This initiative reinforces SEMC’s commitment to responsible business practices and regulatory compliance.



### Remediation Actions

In fiscal 2025, as in the previous years, SEMC did not identify any instances of modern slavery within our operations or supply chains. Accordingly, SEMC took no action to remediate any forced or child labour, nor any measures to remediate the loss of income to the most vulnerable families resulting from any such action. SEMC remains committed to continuous oversight, supplier engagement, and responsible sourcing in alignment with its ethical standards and compliance obligations and, if

a situation of non-compliance is identified in the future, we are committed to implementing remediation measures to correct the situation and improve the enforcement of our prevention measures within our business and supply chain. Such measures may include, to SEMC discretion:

- Corrective action plans, enhance due diligence and/or monitoring of suppliers;
- Actions to support victims of forced labour or child labour and/or their families, such as workforce reintegration and psychosocial support;
- Compensation for victims of forced labour or child labour and/or their families;
- Actions to prevent forced labour or child labour and associated harms from reoccurring;
- Grievance mechanisms; and
- Formal apologies.



## Effectiveness Assessment and Further Action

In fiscal 2025, SEMC continued its efforts on reinforcing the targeted measures implemented in the previous fiscal year, to understand better and mitigate the risk of modern slavery within its operations and supply chains. SEMC obtained a positive result of 93% of key suppliers by annual supply chain expenditure formally responding to assessments and reporting no risk of non-compliance. SEMC continues to assess its overall exposure to modern slavery as low. Given this assessment, no additional actions to assess SEMC's effectiveness in ensuring modern slavery is not being used in its business and supply chain were taken during the reporting period. While SEMC routinely reviews its oversight and risk management practices, a formal evaluation of the effectiveness of these measures was not completed this year.

In the upcoming fiscal year, SEMC plans to continue to work with its suppliers with the goal of obtaining 100% response on the risk assessment. This continued outreach reflects SEMC's commitment to transparency, ethical sourcing, and proactive supply chain risk management.



## Approval and Attestation

This report was approved by SEMC's board of directors on April 30, 2026, pursuant to paragraph 11(4)(a) of the Act and has been submitted to the Minister of Public Safety and Emergency Preparedness in Canada. This report is also available on our company website at [www.semc.ca](http://www.semc.ca).

On behalf of the board of directors of SEMC and not in my own personal capacity or on behalf of any other entity, and in compliance with the Act, specifically section 11, I hereby attest that I have reviewed the information contained in this report for the listed entities. Based on my knowledge and after exercising reasonable diligence, I confirm that the information provided in this report, insofar as it relates to SEMC only, is true, accurate, and complete in all material respects for the purposes of the Act for the reporting year noted above. I have the authority to bind SEMC.

A handwritten signature in blue ink that reads "D Di Marco".

**Dino Di Marco**

President

**Stockdales Electric Motor Corp**

**April 30, 2026**

Date