



**Forced Labour and Child Labour  
in Supply Chain Review**



## Executive Summary

Forced labour and child labour remain global issues that can occur across industries and supply chains. Businesses operating in Canada have a responsibility to identify and address these risks within their operations and procurement activities.

In accordance with the Fighting Against Forced Labour and Child Labour in Supply Chains Act, Cropac Equipment Inc. conducted a review of its operations and supply chain for the 2025 fiscal year (September 1, 2024 to August 31, 2025). As part of this process, Cropac undertook supply chain mapping, performed internal and external risk assessments using recognized indices, and applied due diligence measures in its supplier selection and management practices. The Company also maintained corporate policies that support ethical business conduct and respect for human rights.

Through this assessment, Cropac found that its direct suppliers are primarily located in countries with low inherent risk of forced labour and child labour. Additionally, the types of goods procured, including steel and industrial components, were not identified as high-risk categories in recognized global indices. However, Cropac acknowledges that risks may still exist within upstream tiers of the supply chain, where visibility is more limited.

During the reporting period, no instances of forced labour or child labour were identified within Cropac's operations or supply chains that required remediation.

Cropac recognizes that its current approach is in the early stages of development and is committed to continuous improvement. In future reporting periods, the Company intends to enhance its processes by implementing targeted employee training, strengthening supplier monitoring and engagement practices, and developing formal metrics to assess the effectiveness of its efforts in mitigating risks of forced labour and child labour.

## Background

The measures introduced through Bill S-211, Fighting Against Forced Labour and Child Labour in Supply Chains Act ("the Act"), aim to increase industry awareness and transparency and drive businesses to improve practices.

This report is Cropac Equipment Inc.'s ("Cropac") response to Bill S-211, an Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff (the Act), sections 11(1) and 11(3).

Cropac satisfies the definition of an Entity within the Act by having a place of business in Canada, doing business in Canada, having assets in Canada, and meeting both the revenue and asset thresholds. The financial reporting year of Cropac covered by this report is September 1, 2024, to August 31, 2025. This is the third version of the report submitted and the report is for the entity, Cropac Equipment Inc. ("Cropac" or the "Company").

## Structure

Cropac is a private Canadian corporation engaged in the acquisition and distribution of various types of cranes. Currently, Cropac has six locations across Ontario, Quebec, Alberta, and British Columbia, with the head office located in Oakville, Ontario. We have been in business since 1977. Cropac currently employs 126 staff across all of Canada.

In order to qualify as an entity for the Bill S-211 reporting obligation, companies need to meet the following

thresholds:

- At least \$20 million in assets
- At least \$40 million in revenue, and
- An average of at least 250 employees

Cropac meets the definition of an “entity” under the Act by satisfying at least two of the three prescribed thresholds, specifically with respect to revenue and assets, and is therefore subject to the reporting requirements.

## Activities

Cropac supplies cranes and crane parts to its customers across North America. Cropac Equipment is a proud, factory-authorized distributor for Terex, Magni, Maeda, Taylor, Terberg and Tadano cranes offering a complete line-up, including hydraulic truck cranes, all-terrain cranes, rough-terrain cranes, Tadano crawler cranes, and boom trucks. We are also the authorized distributor for Manitex boom trucks, Kobelco crawlers, Broderson carry deck cranes, Potain self-erector cranes, and Tadano Mantis tele-crawlers. We also sell Peiner and Comedil tower cranes, and used Grove, Linkbelt, Tadano and Liebherr cranes. Cropac also works in transportation, forestry, steel processing, rigging, heavy materials movement, and marina storage. As an authorized distributor, Cropac supplies its customers with original equipment manufacturer parts. While approximately 20% of Cropac’s inventory is procured from vendors in the US, Europe and Asia, the majority of its sales occur in Canada.

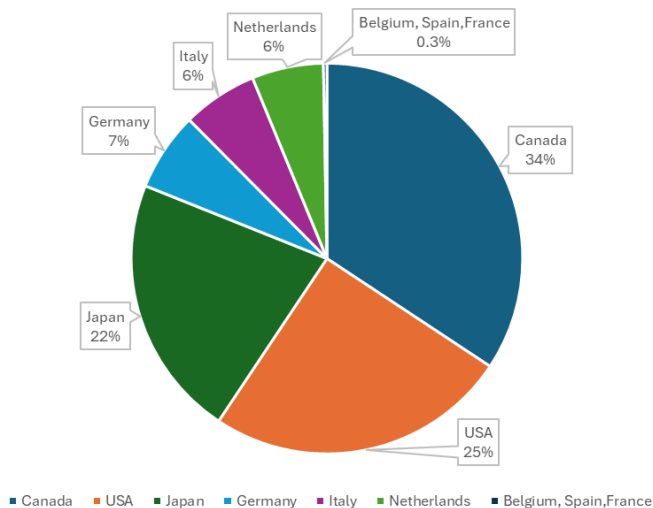
## Supply Chain

Cropac has a total of 433 suppliers from 9 countries, 8 of which are outside of Canada. Of the total suppliers, there are 72 key suppliers from 8 countries, which represent 65.69% of Cropac’s total procurement spend. Figure 1 below represents the makeup of our supply chain by country.

These suppliers are located in the following countries:

Canada | USA | Japan | Germany | Italy | Netherlands | France | Spain | Belgium

Cropac - Countries Breakdown of Top Goods Suppliers





## **Policies & Due Diligence**

### **Current Policies**

Corporate policies are the foundation of all of our activities, and we have an open-door approach to receiving feedback from employees. Our Human Rights Policy further emphasizes a zero-tolerance approach for any discrimination or harassment. Steps to report workplace harassment are outlined in this policy, along with a defined approach to investigating and addressing complaints. In our Code of Conduct Policy, we commit to conducting business in an open and ethical manner. Within this policy, we directly state that harassment or discrimination will not be tolerated. It is the responsibility of employees, management, and executives to report suspected violations of this policy. Cropac commits to employing disciplinary measures in the case of any wrongdoing. Furthermore, our policy states that we will not tolerate any retaliation against employees who use the reporting mechanisms outlined in the policy for a genuine cause. In our Workplace Harassment and Violence Policy, we commit to a harassment-free work environment where all representatives are treated with respect and dignity, and where candidates and employees are free from any form of violence, discrimination or harassment. At Cropac, we are unwavering in our promotion of respect, ethics, integrity, and compliance with human and labour rights. We have policies or procedures in place to ensure that forced labour and child labour are not used in our activities and supply chains.

### **Due Diligence**

Cropac applies due diligence measures to transactions within our supply chain in order to limit activity with a higher risk of forced labour or child labour. Cropac engages vendors with whom we have long-standing relationships and have not encountered any known instances of risks associated with forced or child labour. A core principle of Cropac's operations is building and maintaining strong relationships. The major vendors Cropac chooses to do business with are companies that are respected within their industry.

As part of the procurement process, Cropac conducts site tours at the supplier's plant to ensure quality of product, as well as attend annual dealer meetings. Cropac continues to work with well-known and reputable suppliers in the industry. All suppliers are bound by the terms they sign, which are stated in our Distributor Agreements. Terms vary per agreement. We have also ensured that all our suppliers adhere to our Supplier Code of Conduct.

When hiring and on-boarding employees, we ensure that they are accurately registered with the government, are paid at least a minimum salary wage, are enrolled in applicable government programs (e.g., CPP, EI) and are provided with appropriate safety equipment.

Cropac recognizes that reliance on supplier reputation and long-standing relationships does not fully eliminate risk and is working toward enhancing formal supplier screening, monitoring, and risk assessment processes.

## **Risk Identification & Management**

### **Countries of Operations and Risk**

Using the Walk Free Global Slavery Index and the U.S. Department of Labor List of Goods Produced by Child Labor or Forced Labor, Cropac conducted a risk assessment on our countries of operations. These indices provide research-based assessments of forced labour and child labour risks. We found that there were low inherent risks of forced labour or child labour in Canada.

While country-level assessments using recognized indices such as the Walk Free Global Slavery Index indicate generally low inherent risk in the jurisdictions in which Cropac operates and sources from, the Company recognizes



that risks of forced labour and child labour may still exist within upstream tiers of the supply chain, including in the sourcing of raw materials and components.

As such, Cropac acknowledges that reliance on country-level risk indicators alone may not fully capture all potential exposures and is committed to continuing to enhance supply chain visibility and due diligence practices over time.

Country	Employee as of 2025 (#)	Inherent Risk per Country
Canada	127	Low

## Countries of Suppliers and Risk

Using the Walk Free Global Slavery Index, Cropac conducted a risk assessment on the countries of suppliers. These indices provide research-based assessments of forced labour and child labour risks. We found that there were low inherent risks of forced labour or child labour in Canada, the United States, Italy, Netherlands, France, Germany, Japan, Spain, Belgium.

Country	Suppliers (#)	Supply (%)	Inherent Risk per Country
Canada	361	34.31%	Low
United States of America	56	25.03%	Low
Italy	4	6.22%	Low
Netherlands	3	5.92%	Low
France	2	0.05%	Low
Germany	2	6.50%	Low
Japan	2	21.73%	Low
Spain	2	0.06%	Low
Belgium	1	0.18%	Low

Cropac procures goods from vendors that are based in countries listed above. Cropac does not have full visibility into upstream sourcing by its suppliers, which may expose the supply chain to risks associated with originating source countries.

## Industry of Operation

Cropac operates within the wholesale industry, distributing crane parts to various customers. More broadly, Cropac is considered part of the manufacturing industry according to Walk Free’s index. According to the index, this industry has inherent high-risk exposure to forced labour and child labour. However, risks are mitigated as Cropac is only dealing with well-known suppliers from countries with a low inherent risk rating.

## Type of Goods Procured and Risk

Using the Walk Free Global Slavery Index and the US Department of Labor’s List of Goods Produced by Child Labor or Forced Labor, Cropac conducted a risk assessment on the types of goods of our suppliers. These indices provide research-based assessments of forced labour and child labour risks.



We found that 303 suppliers make up 96.2% of Cropac’s total spend for the year 2025. All of the major categories of goods used for cranes (i.e., steel and other industrial parts) are not identified within the two indices and have a low inherent risk of child labour or forced labour.

Goods	Inherent Risk per Good	Country	Inherent Risk per Country	Overall Risk
Crane Parts (e.g., steel), Other Parts (wires, ropes, filters, bulbs, slings, oil and grease)	Low	Canada	Low	Low
Crane Parts (e.g., steel), Other Parts (winch, forklift, boom grease)	Low	United States of America	Low	Low
Crane Parts (e.g., steel)	Low	France/Germany	Low	Low
Crane Parts (e.g., steel), Other Parts (concrete buckets)	Low	Italy/South Korea	Low	Low
Other Parts (hook blocks, steel)	Low	Netherlands/Japan	Low	Low

## Remediation Measures

During the reporting period, Cropac did not identify any instances of forced labour or child labour within its operations or supply chains that required remediation.

Notwithstanding this, Cropac maintains a commitment to take appropriate remediation actions in the event that such risks are identified. This may include ceasing business relationships, supporting corrective action plans, and implementing measures aligned with internationally recognized human rights standards.

Cropac is in the process of further understanding and evaluating supply chain risks related to child labour and forced labour. At Cropac, we commit to remediate human rights incidents and labour violations that occur within our operations and communities. This may include restoration, compensation, rehabilitation, satisfaction, and non-repetition. We will continue to monitor procurement processes to enhance the rigor of due diligence processes and ensure that we do not conduct business with entities that violate human rights or labour rights. We commit to immediately cease our dealing with a business if evidence of forced labour or child labour is found.

During the reporting period, Cropac did not identify any situations requiring remediation of the loss of income to vulnerable families resulting from measures taken to eliminate forced labour or child labour.

Cropac recognizes the importance of considering potential unintended consequences of remediation efforts and will incorporate this consideration into future due diligence and response frameworks, where applicable.

## Awareness Training

Cropac incorporates training for employees to support safe, respectful, and compliant workplace practices. Current training includes workplace violence and harassment, reporting procedures, and general expectations regarding



employee conduct and behaviour. While existing training programs support general awareness of workplace conduct and compliance, Cropac recognizes the importance of implementing training specifically focused on forced labour and child labour risks.

As part of its continuous improvement efforts, Cropac is committed to developing and implementing targeted training programs beginning in the next reporting period. These programs will focus on:

- Identification of indicators of forced labour and child labour
- Employee responsibilities for reporting concerns
- Expectations regarding ethical sourcing and supplier conduct

Training will be prioritized for employees involved in procurement and supply chain functions, with the intention of expanding to broader employee groups over time.

## **Assessing Effectiveness and Steps Taken to Prevent & Reduce Risk of Child Labour or Forced Labour**

Through our analysis, we found that all the types of goods procured by Cropac from its North American and European suppliers carry a low inherent level of risk.

Cropac is in the early stages of developing formal metrics to assess the effectiveness of its actions in preventing and reducing risks of forced labour and child labour. During the reporting period, the following indicators were used to support this assessment:

- Completion of supply chain mapping activities covering key suppliers representing approximately 65.69% of total procurement spend
- Distribution and acknowledgement of the Supplier Code of Conduct to suppliers
- Ongoing evaluation of supplier relationships based on reputation and industry standing

Cropac intends to enhance its effectiveness measurement framework in future reporting periods, including the development of formal key performance indicators, increased supplier engagement, and consideration of audit or verification processes where appropriate.

During the reporting period, Cropac undertook the following actions to assess and address risks of forced labour and child labour within its operations and supply chain:

1. **Supply Chain Mapping:** Cropac mapped its supply chain to support risk identification and align with recognized risk indices.
2. **Internal Risk Assessment:** Cropac conducted an internal assessment of its operations and supply chain and identified areas where there is an inherent risk of forced labour and/or child labour, particularly related to industry exposure and potential upstream sourcing.
3. **External Risk Assessment:** Cropac assessed risks associated with the goods it procures using recognized global benchmarks, including forced labour and child labour indices.
4. **Due Diligence Measures:** Cropac maintained due diligence practices intended to reduce exposure to higher-risk suppliers and activities.
5. **Supplier Code of Conduct:** Cropac distributed its Supplier Code of Conduct to suppliers,



outlining expectations, including a zero-tolerance approach to forced labour and child labour.

Cropac recognizes opportunities to further strengthen its approach and has identified the following areas for development in future reporting periods:

- Development and implementation of a formal action plan to address identified risks
- Implementation of targeted training and awareness programs for employees
- Enhancement of remediation and supplier monitoring processes

Cropac remains committed to strengthening its approach to identifying, preventing, and addressing risks of forced labour and child labour across its operations and supply chains.

## Attestation

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 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.

Duke Ta

Full Name

*Duke Ta*

Signature

Chief Financial Officer

Title

April 24, 2026

Date

I have the authority to bind Cropac Equipment Inc. and this report covers Sept 1, 2024 – Aug 31, 2025 and applies to Cropac Equipment Inc. and all entities considered reporting entities in terms of the Act and any controlling subsidiaries of Cropac Equipment Inc. if they apply.