

FERRO TECHNIQUE LTD. FERRO TECHNIQUE LTEE

Forced Labour and Child Labour in Supply Chains Company
Assessment

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Executive Summary

This report outlines the steps taken by Ferro Technique Ltd. to identify, assess, and address risks related to forced and child labour in its operations and supply chains during the reporting period.

Forced labour can be found in every country and across many sectors of the global economy. The International Labour Organization estimates that there are approximately 27.6 million victims of forced labour worldwide, including 17.3 million in the private economy. Risks related to forced and child labour may arise through global supply chains, creating a risk that goods imported into and distributed in Canada could be produced using such practices. Entities and government institutions operating in Canada have a responsibility to address and mitigate these risks within their operations and supply chains.

In its third year of reporting under the Fighting Against Forced Labour and Child Labour in Supply Chains Act ("Act"), Ferro Technique has implemented its commitment to ethical business practices and continuous improvement. Ferro Technique has implemented a risk-based approach to assessing potential risks across its operations and supply chain, taking into account supplier location, industry characteristics, and sourcing practices. Oversight of compliance is maintained through ongoing management review of operations and supplier relationships.

This report outlines key measures in place, including policies and due diligence procedures, risk assessment activities, employee awareness initiatives, and ongoing evaluation of effectiveness. Together, these measures support Ferro Technique's efforts to prevent and reduce the risk of forced and child labour within its business and supply chains. Ferro Technique will continue to enhance its practices to support responsible operations and ongoing compliance with the Act.

Background

The measures introduced through the Act, aim to increase industry awareness and transparency and drive businesses to improve practices. The Act requires entities to report on the steps taken during its previous financial year 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 by the entity or of goods imported into Canada by the entity. There are eight mandatory reporting areas that must be investigated and reported on, which include:

- The steps the entity took during the previous financial year to prevent and reduce the risk of forced labour or child labour in its production processes in Canada or abroad, including goods imported into Canada.
- The entity's structure, activities, and supply chains.
- The entity's policies and due diligence processes regarding forced labour and child labour.
- The areas of its business and supply chains that present a risk of forced labour or child labour, and the actions taken to assess and manage these risks.
- Any measures implemented to address instances of forced labour or child labour.

- Actions taken to support vulnerable families impacted by the elimination of forced labour or child labour within the entity's activities and supply chains.
- Training provided to employees on identifying and addressing forced labour and child labour.
- How the entity evaluates the effectiveness of its efforts to ensure forced labour and child labour are not present in its business and supply chains.

Introduction

This report is Ferro Technique Ltd. / Ferro Technique Ltée's ("Ferro Technique") 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"), in accordance with sections 11(1) and 11(3).

CRA Business Number (BN): 101786804

Reporting entity's legal name: Ferro Technique Ltd. / Ferro Technique Ltée

On June 11, 2025, Ferro Technique Ltd. / Ferro Technique Ltée completed an amalgamation under the Ontario Business Corporations Act. The amalgamation became effective after the end of the reporting period covered by this report.

Financial reporting year: June 1, 2024, to May 31, 2025

Identification of a revised report: Not Applicable, first report issued for this financial reporting year.

Ferro Technique 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.

Structure, Activities & Supply Chain

Structure

Ferro Technique operates as a corporation with its head office located at 5620 Timberlea Blvd, Mississauga, Ontario, Canada. The Entity's operations are based primarily in Canada. Ferro Technique employs 49 employees and is managed by a Canadian-based senior management team.

Activities

Ferro Technique Ltd. operates within the machine and tool distribution and services industry, specializing in the distribution of standalone machines, tools, and accessories, as well as the installation of custom options and full turnkey automation solutions. The company conducts its operational, design, and engineering activities primarily in Canada and the United States, while sourcing materials and components from international suppliers.

The products distributed by Ferro Technique Ltd. are used for a range of industrial and manufacturing applications. In addition to distribution activities, Ferro Technique also provides preventive maintenance, calibration, and laser alignment services. Goods are sourced from established and distributed to end users through the entity's commercial sales channels.

Supply Chain

Ferro Technique Ltd.'s supply chain supports distribution of machines, tools, and related equipment used in industrial and manufacturing applications. The company sources a range of goods and services required for its operations from suppliers located both within Canada and internationally.

To support its operations, the majority of Ferro suppliers based in the United States, followed by Canada, with limited procurement from suppliers from Europe and Asia.

In total, Ferro Technique engages approximately 249 vendors across its supply chain. While some of these vendors are located outside of Canada, they primarily represent lower-value, indirect, or service-based suppliers, rather than material direct suppliers by spend. As a result, procurement activity by value remains concentrated among a smaller number of higher-value suppliers.

Policies & Due Diligence

Ferro Technique has established a number of internal policies and practices that promote lawful, ethical, and respectful employment practices. While these policies are not specifically framed around forced labour or child labour, they support compliance with applicable employment legislation and ethical workplace standards.

Current Policies

Commitment to Equal Opportunity

Ferro Technique is committed to ensuring that applicable human rights legislation is respected and that employees are treated fairly in the workplace. The Company expects a work environment that is free from discrimination based on race, ethnicity, age, gender, sexual orientation, or other protected grounds. These principles support fair and ethical employment practices but are not specifically framed to address forced labour or child labour.

Diversity, Equity, and Inclusion

The Company is committed to fostering a diverse, fair, and inclusive workplace that values dignity, respect, and inclusion. Ferro Technique's practices are aligned with the principles of the Ontario Human Rights Code and the Accessibility for Ontarians with Disabilities Act (AODA). The Company recognizes the importance of identifying and removing barriers to participation and promoting an inclusive work environment. While these practices support respectful treatment of employees, they are not designed specifically to mitigate forced labour or child labour risks.

Accessibility and Accommodation

Ferro Technique is committed to providing an inclusive workplace that respects the dignity and independence of individuals with disabilities. The Company's policies and practices are intended to align with the principles of dignity, independence, integration, and equal opportunity as set out in the AODA. The Company provides workplace accommodation for employees with physical or mental disabilities to the point of undue hardship, supporting compliance with applicable legislation.

Whistleblower Protection

Ferro Technique maintains whistleblower protections that encourage employees to report actual,

suspected, or intended misconduct in good faith. Employees may report concerns to management, Human Resources, or senior leadership, and reports may be made confidentially. The Company prohibits retaliation against employees who raise concerns or cooperate in investigations. While this mechanism supports ethical conduct and accountability, it is not specifically designed to address forced labour or child labour matters.

Workplace Violence and Harassment

The Company maintains policies addressing workplace violence and harassment, including workplace sexual harassment and discrimination. These policies define unacceptable conduct, outline reporting and complaint processes, and require that complaints be investigated in a timely manner. Retaliation against employees who report concerns or participate in investigations is prohibited. These policies support a respectful and safe workplace but do not explicitly reference forced labour or child labour.

Hiring and Onboarding Practices

Ferro Technique's hiring practices are designed to comply with applicable employment legislation. Recruitment processes require verification that employees are legally permitted to work in Canada, including the presentation of documentation establishing identity and eligibility for employment.

As part of onboarding, newly hired employees receive orientation and training related to health and safety, workplace violence and harassment, privacy, human rights, and job-specific duties. New employees are provided with employment-related information and are required to review and acknowledge the Employee Handbook during the onboarding process.

Oversight and Compliance

Responsibility for policy implementation and compliance at Ferro Technique is shared across multiple levels of the organization. Management and Human Resources are responsible for implementing workplace policies, overseeing compliance, and addressing reported concerns in accordance with established procedures. Supervisors are responsible for enforcing policies and monitoring day-to-day compliance within their areas of responsibility. Employees are responsible for complying with organizational policies and reporting concerns, hazards, or incidents through the appropriate channels.

Due Diligence

Ferro Technique has not implemented standalone due diligence processes specifically focused on forced or child labour. Supplier-related activities are embedded within existing operational and procurement practices.

Supplier selection and onboarding are managed through operational reviews and standard purchasing processes. When considering new suppliers, particularly those providing large machinery, Ferro Technique conducts assessments that may include on-site visits or virtual evaluations to confirm product quality and technical capability. Suppliers are engaged through purchase orders and, where required, contractual agreements that set out applicable terms and conditions. New suppliers are reviewed and approved internally before being set up for procurement purposes.

Supplier oversight and monitoring are conducted on an as-required basis and are primarily focused on

operational performance and product quality. This may include periodic site visits and inspection of components prior to use. These activities are not designed to identify or assess forced labour or child labour risks, and no formal supplier screening, monitoring, or evaluation processes specific to such risks have been implemented to date. Ferro Technique recognizes opportunities to enhance its supplier-related due diligence framework over time in alignment with the requirements of Bill S-211.

Risk Assessment

A risk assessment of Ferro Technique's industry of operation, the goods it procures, and the countries from which those goods are sourced was performed in relation to its material direct suppliers. For the purposes of this report, material suppliers are defined as those accounting for 1% or more of Ferro Technique's total procurement spend during the 2025 fiscal year.

The risk assessment draws on two externally recognized sources to evaluate the inherent risk of forced labour and/or child labour associated with specific goods and countries: Walk Free's Global Slavery Index and the U.S. Department of Labor's List of Goods Produced by Child Labor or Forced Labor.

Industry of Operations

Ferro Technique operates within the industry of machine tool distribution and services. Given the two indices noted above, risks of forced labour and child labour are inherent within the global industry. As a result, it is concluded that the industry Ferro Technique operates in has inherent risk exposure to forced labour. However, operational risks and risks related to child labour or forced labour are minimized since all of Ferro Technique's service engineers have electrical or mechanical certifications or apprenticeship in progress.

Countries Goods are Procured From

Ferro Technique mostly procures and distributes CNC machines, tools, and accessories. A risk assessment has been conducted of the goods procured from material suppliers, focusing on the standard materials utilized in the manufacturing of these goods. The risk assessment was based on supplier country-of-origin data for the 2025 fiscal year.

Based on vendor data, goods were procured from a total of three regions, summarized as follows:

1. North America
2. Asia
3. Europe

Based on the two indices, suppliers within Asia present an inherent risk of forced labour and/or child labour. The remaining supplier countries are assessed as having a lower inherent risk according to the referenced indices.

Goods Procured

Ferro Technique's procured goods are primarily related to CNC machines, tools, and accessories, which are distributed to industrial and manufacturing customers. These goods incorporate standard materials and components used in the manufacturing of machinery and related equipment.

Based on the indices applied, goods incorporating electronics (including machine parts, accessories, and batteries) and metals (including iron, copper, tin, and zinc) may present an inherent risk of forced labour or child labour depending on country of origin. As a result, certain goods procured by Ferro Technique may have potential inherent risk exposure where sourced from higher-risk jurisdictions.

Ferro Technique will continue to refine and mature this risk assessment as additional supplier information becomes available and as due diligence processes continue to evolve.

Remediation of Forced & Child Labour & the Remediation of Lost Income

Ferro Technique is committed to responsible business practices and to addressing potential risks related to forced labour and child labour within its operations and supply chain. To date, Ferro Technique has not identified any instances of forced labour or child labour within its operations or those of its suppliers.

Ferro Technique maintains internal governance and escalation practices such that, if a potential concern related to forced labour or child labour were identified, it would be escalated for review and addressed in accordance with applicable laws and ethical standards. As no such instances have been identified, no remediation actions or measures related to the remediation of lost income have been required to date.

Awareness Training

Ferro Technique promotes employee awareness of ethical conduct and legal compliance through documented workplace policies and standards of behaviour, including whistleblower protection and conduct requirements. Formal onboarding practices include orientation and training related to workplace health and safety, workplace violence and harassment, human rights, privacy, and job-specific and hazard-specific requirements. These training activities support strong employee awareness and compliance across the organization and provide a solid foundation for continued enhancement of topics related to forced and child labour risks as the Company's practices evolve. Health and safety expectations are further supported through training, incident and near miss reporting requirements, use of personal protective equipment, and employees' right to refuse unsafe work. Together, these measures support a culture of accountability, safety, and respect across the organization.

As part of its ongoing commitment to ethical business practices and compliance with Bill S-211, Ferro Technique will continue to enhance employee awareness of forced labour and child labour considerations. Ferro Technique is incorporating these topics into its broader compliance and due diligence framework and will continue to strengthen targeted communications and awareness initiatives as its practices evolve.

Assessing Effectiveness

Ferro Technique considers the effectiveness of its measures to prevent and mitigate risks related to forced labour and child labour through a combination of internal governance, health and safety oversight, and management review processes. These mechanisms support ongoing monitoring of compliance with company policies, applicable laws, and ethical workplace standards, and provide a foundation for continuous improvement in alignment with Bill S-211.

Internal Activities

1. Policy Reporting on Refusal of Unsafe Work:

Ferro Technique will continue to document and learn from refusal to work due to unsafe working conditions.

2. Harassment incidents:

Ferro Technique has zero tolerance for workplace harassment. All claims made regarding harassment will be reported to the employee's immediate managers, Human Resources, or senior management, including an investigation and action plan to resolve the issue in a timely manner. Harassment incidents are tracked in an effort to evaluate means to minimize and eliminate behaviours and incidents that lead to claims.

3. Governance:

Ferro Technique will continue to monitor and assess compliance with the Employee Handbook and review identified policies on an as-needed basis.

Supplier Activities

Ferro Technique's supplier oversight is supported through long-standing business relationships and contractual arrangements that require compliance with applicable federal and provincial laws. Additionally, Ferro Technique is evaluating approaches to enhance the collection of supplier information. Key suppliers may be monitored on an annual basis through performance reviews or onsite visits. As part of its ongoing commitment to ethical business practices and Bill S-211 compliance, Ferro Technique continues to enhance its approach to supply chain risk awareness and monitoring as its due diligence framework evolves.

Conclusion

Ferro Technique has taken meaningful steps to strengthen its understanding of and support compliance with Bill S-211, while enhancing transparency across its operations and supply chain practices. Through the development of this report, the Company has further formalized its approach to assessing potential risks related to forced and child labour and established a stronger foundation for ongoing compliance and continuous improvement.

Ferro Technique promotes ethical conduct and legal compliance through its existing governance, workplace policies, and operational oversight processes. These mechanisms support awareness, accountability, and responsible business practices across the organization and provide a solid foundation for enhancing supply chain oversight in alignment with Bill S-211.

Looking ahead, Ferro Technique remains committed to refining its policies, supplier engagement practices, and risk-based due diligence activities as its compliance framework continues to evolve. The Company is also exploring opportunities to enhance supplier information collection to better support its operations and strengthen its ability to meet regulatory requirements. By maintaining transparency and prioritizing ethical business practices, Ferro Technique will continue to enhance its approach to managing forced and child labour risks and supporting a responsible and sustainable supply chain.

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 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.

Kevin Farr	
Full Name	Signature
VP of Finance	May 28, 2026
Title	Date

I have the authority to bind Ferro Technique Ltd./ Ferro Technique Ltée