

Board of Directors Report 2023 FY Forced and Child Labour in Supply Chains Report

Prepared by: Ricardo Montejo-Head of Supply Chain
Entity: **Viacore Solutions Inc.**
Business Number: R100430636
Business Address: 1609 Derwent Way, Delta BC V3M 6K8 Canada
Line of Business: Single source provider of bulk handling needs, offering complete and customized solutions through product sales, field installation and repair, and maintenance services
Date: March 2024

EXECUTIVE SUMMARY

2024 is the first year when certain companies must report their efforts to eradicate the risk of Forced and Child labour in Canadian Supply Chains. Viacore Solutions Inc. meets the criteria to be obliged to present a report annually based on the actions taken during the previous Fiscal Year. **During our internal assessment we did not find any risk within Viacore's Tier 1 manufacturing supplier base.** A copy of this report must be approved by the board and made available to the public through the company's website no later than May 31st, 2024, **therefore no confidential information is included on it.**

BACKGROUND

Forced labour can be found in every country and every sector.

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.

Forced labour and child labour risks occur primarily through the global supply chains of businesses. There is a risk that goods imported into and distributed in Canada were produced with forced labour or child labour.

Entities and government institutions doing business in Canada have a responsibility to ensure that exploitative practices are addressed and eradicated from their supply chains.



INTRODUCTION

The Canadian Parliament passed 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” on May 3rd, 2023.

The Act took effect on January 1st, 2024, including steps organizations must take to decrease risks.

The act also amends the *Customs Tariff* to allow for a prohibition on the importation of goods manufactured or produced, in whole or in part, by forced labour or child labour.

Organizations that fail to submit a satisfactory annual report or make it public, obstruct a designated official, or fail to comply with an order from the Minister are guilty of a summary offence and liable to a fine of up to \$250,000.

Senior executive teams and boards of directors also need to take note as every director or officer who directed, authorized, assented to, acquiesced, or participated in any of these offences will also be personally liable for the offence.

Based on reporting obligations, **Viacore Solutions Inc.** meets the criteria to present a report annually to the Minister of Public Safety by May 31st of each year, including the steps taken during the previous financial year to prevent and reduce the risk that forced labour or child labour is used in Viacore’s supply chains.

STEPS TAKEN TO AVOID RISKS

This report includes the steps and actions taken by Viacore during Fiscal Year 2023 [April 1st, 2023, to March 31st, 2024] to avoid Forced Labour and Child Labour Risks in its Supply Chains:

- Mapping of Activities
- Mapping of Supply Chains
- Internal assessment of risks
- Gathered information on worker recruitment practices
- Addressed practices in the organization that increase risks



- Development of due diligence policies and procedures to avoid risks
- Surveyed suppliers to understand established policies and procedures
- Development and implementation of training materials for employees

Mapping of Activities

Viacore's procurement/supply chain activities can be summarized in two main buckets, executed by two main groups:

Location	Procurement of	
	Materials	Services
Head Office	L	s
Branch Level	s	L

L-Larger Transactions

s-Smaller Transactions

As shown above, procurement activities are conducted at Head Office and at Branch level; commonly the larger material purchases are executed by Head Office, while the larger appointments for Services are done at the branch level.

While Materials are sourced globally, most of Services are contracted domestically, therefore we focused our analysis for this report on Viacore's procurement/supply chain activities for Materials.

Mapping of Supply Chains

When mapping Viacore's Materials supply chains, they are divided in two origins [Canada and Outside Canada], with two main sources [Manufacturers and Distributors].

Source	Origin	
	Canada	Outside Canada
Manufacturers	s	L
Distributors	L	s

L-Larger Transactions

s-Smaller Transactions



The larger procurement transactions with Manufactures are executed with suppliers Outside Canada, while domestic procurement is mainly done through non-manufacturing distributors.

Internal assessment of risks

For this report, we focused our analysis on import transactions where Viacore Solutions Inc. is the *Importer of Record* into Canada, and excluding transactions where the non-manufacturing distributors are the importers of record; there are also excluded transactions with manufacturing suppliers with production facilities in Canada.

According to the US Department of Labor report from September 2022, below are the countries with elevated risk for Child or Forced Labour in our industry:

Country	Good	Child Labour	Forced Labour
Bangladesh	Textile	X	
Burma	Rubber	X	X
Cambodia	Rubber/Textiles	X	
China	Textiles	X	X
Ghana	Textiles	X	
Indonesia	Rubber	X	
North Korea	Textiles		X
Liberia	Rubber	X	
Pakistan	Textiles	X	
Philippines	Rubber	X	
Vietnam	Rubber/Textiles	X	

Despite Viacore has Tier 1 suppliers in two of the countries listed above, none of those suppliers belong to primary industries for rubber and textiles.

On the textile side, the biggest child labour offences are in the fashion and garment industries; industrial fabrics are processed by heavy machinery and child labour risk is low.

Natural rubber harvesting represents potentially the highest risk for child labour on Viacore's industry, having a Tier 3 or Tier 4 impact on its supply chain.



Information on worker recruitment practices

Based on international labour standards, minimum legal working age varies around the globe, from as young as 13 years for light work and 15 for general employment. The minimum age for hazardous work is 18, although it can be lowered to 16 under strict supervisory conditions.

From supplier base surveyed this Fiscal Year, all of them have established procedures for only hiring people 18 years and older.

Regarding forced labour, no supplier reported having any established policy or procedure requiring employees to provide payments as condition of employment, nor retention of original traveling documents like passports, identity cards, etc.

Practices in the organization that increase risks

As a company, Viacore is expanding its onboarding of global suppliers, an activity that could increase risks if a structured and sound screening and vetting process is not followed.

For that purpose, for potential new Tier 1 global manufacturers Viacore added to its screening questionnaire a *Forced and Child labour* section.

Viacore's screening and vetting process will continue maturing and evolving according to current and future requirements of the Act and its internal due diligence process.

Development of due diligence policies and procedures

Viacore's *Supply Chain Sustainability Policy and Supplier Code of Conduct* was revised this Fiscal Year and requested its Tier 1 global manufacturing suppliers to acknowledge and sign the updated version (see copy at the end of this report).

Together with its updated *Supply Chain Sustainability Policy and Supplier Code of Conduct*, the Supply Chain Department developed a *Forced and Child Labour in Supply Chains Questionnaire*, which collects details on how its vast Tier 1 supplier base is approaching this global risk (see copy at the end of this report).



Surveyed suppliers to understand established policies and procedures

For this first reporting period, we have limited our analysis to record if Viacore's Tier 1 suppliers had or had not established policies and procedures and had deeper discussions in case nothing was in place. The depth of each program was different depending on the size and globality of each supplier.

Development and implementation of training materials for our employees

Viacore has developed mandatory training materials for its Canadian management group and staff interacting with suppliers- *Fighting Against Forced Labour and Child Labour in Supply Chains*.

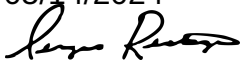
Compliance is monitored through its internal training platform.

NEXT STEPS FOR 2024 FY

The expectation this year was for Canadian companies to reach out and assess risks at least with main Tier 1 suppliers, something Viacore Solutions Inc. has accomplished.

Year one of this reporting has setup the building blocks for a more robust program in years to come. Certainly, there's a lot of work to be done and developed within budgetary and resource constraints.

"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."

- Full name Sergio Restagno
- Title President and CEO
- Date 05/14/2024
- Signature 

I have the authority to bind 'Viacore Solutions Inc.'



Supply Chain Sustainability Policy and Supplier Code of Conduct

1. Viacore Solutions Inc. (Viacore), a Marubeni Group Company, not being satisfied with simply strengthening its own sustainability initiatives, supports strengthening sustainability throughout its supply chain with the objective of building an environmentally friendly, healthy, and sustainable society. We are committed to environmental and socially responsible business practices, and we expect the same conduct from all our suppliers and employees. We are always looking for continuous improvement of our corporate activities and we ask our suppliers to contribute to our efforts by doing the same.
2. Supply Chain Sustainability Guidelines:
 - 1) Observance of Laws:
 - Observe the laws of the countries where business is conducted and laws relating to business transactions.
 - 2) Respect for Human Rights:
 - Respect human rights without discrimination, harassment of any kind, abuse, or other inhumane treatment.
 - No child labour or forced labour.
 - Proper management of employees' work hours breaks and holidays and prohibition of excessive overtime work.
 - Payment of the legally mandated minimum wage and endeavoring to pay at least a living wage. No inappropriate wage abatement.
 - Respect for employees' right to unionize for the purpose of labour-management negotiations and right to collective bargaining.
 - 3) Conservation of the Environment:
 - Recognize that climate change issues are important and respond appropriately.
 - Protect the natural environment.
 - Reduce environmental negative impact, prevent pollution.
 - 4) Fair Transactions:
 - Conduct fair transactions and do not inhibit free competition.
 - Prevent corruption; offer no bribes or illegal contributions.
 - 5) Health and Safety:
 - Ensure safe and healthy workplaces and maintain a good working environment.





6) Quality Assurance and Control:

- Ensure and maintain the quality and safety of products and services.

7) Information Disclosure:

- Timely and appropriate disclosure of information

3. Having set out the Supply Chain Sustainability Guidelines above, Viacore asks for the understanding and cooperation of its suppliers in observing them, to promote, together with its own supply chain, highly effective sustainability initiatives, identify risks and take appropriate mitigation and elimination actions. Further, when calling on its supplier base, Viacore will communicate the Guidelines so that they are fully aware of them and will assist business partners' capacity building by making recommendations, requests or providing guidance as necessary and by sharing examples of good practices.

4. As part of this Policy, Viacore has set out the following procedures for dealing with suppliers that do not meet labour standards.

(i) When it comes to light that a supplier has failed to meet labour standards relating to 1) Observance of Laws, 2) Respect for Human Rights or 5) Health and Safety, we will as necessary, ask the supplier to:

- Ascertain the facts, and
- If the facts are true, prepare a report on the background of the issue and improvement measures.

Depending on circumstances, we may also audit the supplier.

(ii) If we determine that improvement measures are insufficient, we will request that further measures be taken.

(iii) If, despite implementing steps (i) and (ii) above, the situation does not improve, we will examine whether to continue our relationship with the supplier.

[Redacted]

Supplier representative name

[Redacted]

Supplier representative title

[Redacted]

Supplier representative signature

[Redacted]

Date



Forced and Child Labour in Supply Chains Questionnaire

At Viacore, we are committed to environmental and socially responsible business practices, and we expect the same conduct from all our suppliers and employees. We are always looking for continuous improvement of our corporate activities and we ask our suppliers to contribute to our efforts by doing the same.

We appreciate your time by filling in the following questionnaire regarding forced and child labour in compliance with Canadian bill S-211, *Fighting Against Forced Labour and Child Labour in Supply Chains Act*:

1.- Describe policies and procedures your organization has, to detect, identify and remedy the risk of forced and/or child labour within your operation?

2.- Describe training provided to your employees on forced and child labour risks.

3.- What is the minimum age to work at your company? If you allow workers under 18 years old, please describe what tasks they can perform, how many hours per week they can work, and if they are restricted from any dangerous machinery or process.

4.- Does your organization have a policy that prohibits forced and child labour within your operation and your suppliers' operations? Elaborate if you do not.

5.- Does your organization retain any original identity documents of your workers like passports, birth certificates, identity cards? Elaborate if you do.





6.- Are workers required to provide a security deposit or pay a recruitment fee as condition of employment? Elaborate if they are.

7.- Do all workers receive a written contract in a language they understand where terms of employment are clear, including wage rates, hours of work, overtime rules and vacation days?

8.- When accommodations are provided to workers (like dormitories, hostels, Airbnb, or any other kind of shared accommodation), how often are living conditions inspections conducted? How do you ensure compliance with legal requirements?

9.- When accommodations are provided, what restrictions exist for workers to leave at will?

10.- What mechanisms are in place for workers to anonymously file concerns related to labour conditions or workplace grievances?

Supplier name

Supplier representative name and title

Supplier representative signature

Date