

Bill S-211 – Report on Forced Labour and Child Labour in Canadian Supply Chains

Section 1: Reporting Obligation, Requirements & Process Overview:

Measures introduced through Bill S-211 aim to increase industry awareness and transparency, and drive businesses to improve practices with respect to forced labour and child labour in Canadian supply chains. Resultantly, many Canadian Entities now have a reporting obligation on forced labour and child labour in their supply chains. This document outlines the obligation, process, provides a sample report (section 2), and the related online questionnaire (section 3), to serve as an informational guide.

Reporting Obligation – Who Must Report:

All Canadian Entities that meet two of the following three criteria for at least one of the last two fiscal years must report under Bill S-211:

- >\$20M in assets
- >\$40M in revenue
- >250 average number of employees during the year

Joint Reporting – Reporting as a Consolidated Entity:

Entities may choose to submit a joint report covering its own actions and those of its subsidiaries, so long as the information provided is generally applicable to all entities. Joint reports must clearly identify the legal name of each entity covered by the report, and specify which information applies to which of the entities covered by the report, wherever possible.

Process Overview

1. **Develop a Report:** First, entities must consult internally to gather the information needed to develop a report that meets all of the requirements of the Act.
 - a. **Please see section 2 “Supply Chain Transparency Report” for a templated report including a report structure with examples of content to be included.**
 - b. **Format:** The report should be a PDF document no larger than 100MB in size, and no longer than 10 pages in length, the report may be completed in either French or English, it is not required to be produced in both. It may include exhibits as appropriate.
2. **Approval & Attestation:** Once completed, the report must receive approval from the appropriate governing body (i.e., Board of Directors). The report must include a signed attestation in the exact wording and format shown in part 8 of Section 2 (the sample report) below.
3. **Complete Online Questionnaire by May 31st:** Entities must complete an online questionnaire, alongside the report submission.
 - a. **Please see section 3 “Online Questionnaire” for the questions to be completed for the Online Questionnaire.** Answers will overlap with report contents.
4. **Upload Completed Report by May 31st:**
 - a. At the end of the online questionnaire, you will be prompted to upload the report and submit it along with the questionnaire.
5. **Publish Report on Company Website:**
 - a. Entities must publish their submitted report on a prominent place on their website.
 - b. Reports will also be made publicly available by Public Safety Canada in a searchable online catalogue.
 - c. Reports are to be published on Company Website at the Company’s earliest convenient

Helpful Links:

- Public Safety Canada Homepage – [Forced Labour in Canadian Supply Chains Homepage](#)
- Report Requirements - [Prepare a report – Entities \(publicsafety.gc.ca\)](#)
- Online Questionnaire & Report Submission Page - [Submit a report \(publicsafety.gc.ca\)](#)
- Additional Resources: Resources (publicsafety.gc.ca)

Accucam Machining ULC: Supply Chain Transparency Report

Reporting Entity Information

- **Legal Name of Reporting Entity(s):** Accucam Machining ULC - referred to as (AMI) in the below
- **Financial Reporting Year:** 2023
- **Identification of Revised Report (if applicable):** N/A
- **Business Number(s) (if applicable):** GST:R106632268, PST:1348 2866, DUNS:249776022
- **Identification of Joint Report (if applicable):** N/A
- **Reporting Obligations in Other Jurisdictions:** N/A

Entity Categorization According to the Act

- **Category:** Place of business in Canada; does business in Canada; has assets in Canada; meets size-related thresholds (\$20M+ in assets in one of the last two financial years, \$40M+ revenue in one of the last two financial years.
- **Sector/Industry:** Industrial machinery, equipment and supplies merchant wholesalers – Manufacturing of OEM parts.

Location

- **Headquarters Location:** Cambridge, Ontario, Canada
- **Other Key Locations (if applicable):** Qingdao, China

Steps Taken to Prevent and Reduce Risks of Forced Labor and Child Labor

During the previous financial year, our company diligently addressed the risks associated with forced labor and child labor. We recognize the importance of ethical practices within our supply chain and have implemented the following measures:

- **Supplier Due Diligence:**
 - Conducted thorough due diligence on our suppliers to assess their labor practices.
 - Evaluated supplier compliance with international labor standards, including the prohibition of forced labor and child labor.
 - AMI has a Supplier Quality Manual containing language addressing forced and child labor. Supplier signature is required as part of AMI's supplier approval process.
 - AMI has an audit process with elements addressing forced and child labor within the QMS for our prospective/approved suppliers.
 - AMI has regular presence by our team members and managers walking the manufacturing floor and office spaces observing all laborers.
- **Risk Assessment:**
 - Identified high-risk areas within our supply chain where forced labor or child labor could occur.
 - Prioritized these areas for targeted risk mitigation efforts.
 - AMI has an audit process with elements addressing forced and child labor within the businesses quality management system (QMS) for our prospective/approved suppliers
 - AMI has regular presence by our team members and managers walking the manufacturing floor and office spaces to ensure compliance to policy.
- **Supplier Engagement and Training:**

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- AMI has a Supplier Quality Manual with language addressing forced and child labor requiring signature by suppliers as part of approving them to AMI
 - AMI has an audit process with elements addressing forced and child labor within the QMS for our prospective/approved suppliers
- **Traceability and Transparency:**
 - Collaborated with suppliers to map out the entire production process, identifying potential risks.
 - AMI has a formal part qualification process that maps from receipt of raw material by a supplier to shipping the final component to AMI. This process map (process control plan) has a formal part qualification within AMI and AMI's customer
 - AMI evaluates raw material certifications and various governmental regulations to assure the source of raw materials are compliant to international rules and laws, e.g. REACH and RoHS, and conflict minerals
 - AMI has also investigated source of raw materials to not be of Russian origin and formally communicate to customer
- **Labor Audits and Monitoring:**
 - Conducted regular audits of supplier facilities to verify compliance with labor standards.
 - Monitored working conditions, and age verification to prevent any instances of forced or child labor.
 - AMI has an audit process with elements addressing forced and child labor within the QMS for our prospective/approved suppliers
 - AMI has regular presence by our team members and managers walking the manufacturing floor and office spaces observing all laborers
- **Remediation and Corrective Actions:**
 - AMI has not identified any violations within its supply chain.
- **Internal Policies and Reporting:**
 - AMI internal policy explicitly states in the absence of local laws, suppliers shall not:
 - Employ under aged workers.
 - Use forced, or involuntary labor.
 - Subject workers to corporal punishment, physical, or psychological abuse.
 - Conduct operations in an inhumane work environment.
 - Regularly reviewed and updated these policies to align with evolving standards.
 - AMI has an on-going revision history to the Supplier Quality Manual and auditing documentation to embrace revisions to any laws and/or AMI Customer policies and requirements needed to be enforced with the AMI suppliers.

By taking these proactive steps, we aim to create a responsible and sustainable supply chain that respects human rights and ensures fair treatment for all workers involved in the production of goods.

1. Structure, Activities, and Supply Chains

1.1 Structure

Legal Structure and Classification:

- Our company operates as an Unlimited Liability Corporation, subsidiary of Eagle Quest International, Ltd.

Organizational Structure:

- Our organizational structure includes various departments and functions. Accounting/Finance, Operations, HR, Supply Chain, IT, Quality/Safety, Sales, and Engineering.
- Ultimate decision-making authority is held by management and the executive team.

Organizational Mandate or Role:

- Our core mandate is being a leading global provider of value-added, critical supply chain management services that minimize risk and maximize performance for OEMs.

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- We play a critical role in the industrial machinery sector by providing supply chain management and value-added services.

Employee Count:

- **In Canada:** We employ 76 individuals.
- **Outside Canada:** Our global workforce comprises 189 employees, 76 individuals in Canada and 113 individuals in China.

Partner Organizations and Group Membership:

No current collaborations or member associations.

Control of Other Entities:

- Our company exercises control over other entities, such as subsidiaries or affiliates.
- Controlled entity involved in manufacturing of OEM parts are in Qingdao, China.

1.2 Activities

Production, Manufacturing, Processing, Sale, or Distribution of Goods:

- Our company produces/processes/sells/distribute product(s) / service(s) inside and/or outside of Canada.

Importation of Goods into Canada:

- Our company imports manufactured OEM parts from China, India, and the US.

Locations of Operations:

- Our company, and entities under our company's control (to the extent they have a reporting requirement under this act) have operations in China.

1.3 Supply Chains

Guidance per Act: *The supply chain includes suppliers of goods and services that contribute to the production of goods produced, sold, distributed or imported by the entity, from sourcing the raw materials to the final product. It therefore includes direct and indirect suppliers and service providers, both in Canada and outside Canada. An entity's supply chain does not include the end users or customers who purchase its products or services.*

Supply Chain Overview

- AMI's supply chain consists of more than 100 global manufacturers and service providers used for manufacturing metal products, primarily. These suppliers consist of a range of locations, size, and ownership, including small & minority owned business. Annually, EQI will procure >1,000,000 components & assembles from these suppliers and will add various value add services prior to customer consumption.

2. Policies and Due Diligence Processes

Embedding Responsible Business Conduct (RBC):

At Accucam Machining ULC, we are committed to responsible business conduct throughout our operations and supply chain. Our policies incorporate RBC principles, emphasizing ethical practices, human rights, and sustainability. We ensure that RBC is embedded into our policies and management systems at all levels.

Identifying, Assessing, and Communicating Adverse Impacts:

- AMI team members have frequent and regular presence at supplier locations producing components and services.

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- Our due diligence process involves mapping our supply chain, assessing risks, and prioritizing areas for action.
 - AMI assesses suppliers as noted above through daily interactions, however, no noted documentation of forced labour risk assessment has been completed to date.
- AMI measures supplier performances in audits and requires suppliers' signatures on manual documents to embrace applicable labor laws.
- AMI communicates the results of audits and implements any corrective action plan to supplier and within AMI leadership, including any matters of child labor.

Ceasing, Preventing, or Mitigating Adverse Impacts:

- AMI has not identified any forced or child labour in its supply chain and thus there are no known adverse impacts.
- We continue to evolve our supplier policy requirements and auditing practices to embrace customer and local/international laws and regulations.
- We collaborate with our suppliers during the audit and manual signature process more formally. Within standard operating practices, AMI is in an observational role, while maintaining dialogue with suppliers' leadership.

Training

- AMI does not currently provide or require training related to the risk of forced labour and child labour in supply chains.

3. Forced Labour and Child Labour Risks

At AMI, we have conducted a thorough assessment of our activities and supply chains to identify areas that carry a risk of forced labor or child labor. We have identified no suppliers which utilize forced labour.

4. Remediation Measures

AMI has effective controls in place to prevent business with organization which utilize forced labour. As such, no remediation actions have been necessary.

5. Remediation of Loss of Income

AMI has effective controls in place to prevent business with organization which utilize forced labour. As such, no remediation of loss of income has been necessary.

6. Training

As part of employee onboarding, AMI supply chain employees are required to review AMI's supplier policy. This policy outlines operating requirements for all supply chain partners, including that AMI suppliers abide by all local labour & compensation laws.

7. Assessing Effectiveness

AMI has effective policy & controls in place to prevent business with organization which utilize forced labour. AMI stores supplier documentation in a shared server to maintain an audit trail of all active suppliers.

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8. Signed 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.”

Spencer DePhillips

Chief Operating Officer & Chief Financial Officer

05/31/24

Spencer DePhillips

I have the authority to bind Accucam Machining ULC.






Bill S211 Forced Labour in Canadian Supply Chains - Accucam

Final Audit Report

2024-05-29

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