

Fighting Against Forced Labour and Child Labour in Supply Chains Act

Financial year 2024 reporting

H.L. Blachford Ltd

Introduction

H.L. Blachford meets the *entity* definition as defined in the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*. This report contains the requirements as listed in Part 2, 11(1) of the Act.

This report focuses on actions taken during the previous financial reporting 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 of goods imported into Canada by the entity.

This report is also made available to the public by publishing it in a prominent place on the entity's website.

The following identifies the steps the entity has 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.

Blachford is committed to promoting the best interests of all our stakeholders, emphasizing health and safety, protection of the environment, education, human rights, and ethical behavior.

Blachford maintains a *Corporate Social Responsibility Policy* specifying that we reject the use of forced labour, convict/indentured labour, including forced or indentured child labour. This policy is reviewed annually and adjusted as necessary.

We also follow provincial and federal legislation, including the Employment Standards Act, Occupational Health and Safety Act, Pay Equity Act, and the Human Rights Code.

Blachford maintains a Vendor Qualification Procedure (Subcontractor Evaluation) where new and existing vendors are assessed. Foreign vendors are also required to complete our *Foreign Supplier Security Assessment* (FSSA). This FSSA includes specific reference to forced, imprisoned, indentured, and indentured child labour. This assessment also includes reference to the Xinjiang Uyghur Autonomous Region (XUAR) and entities on the UFLPA Entity List.

Blachford's recently developed *Code of Conduct* identifies our expectations of our suppliers. Included in this code of conduct are specific references to Canada's Fighting Against Forced Labour and Child Labour in Supply Chains Act. This *Code of Conduct* is sent to our suppliers for acknowledgement, signing and returned to Blachford. This will allow us to evaluate, monitor and respond to our suppliers. During the previous period, we have received responses from approximately 2/3 of our raw material suppliers.

Blachford has mapped our supply chains, and we will continue to conduct risk-based audits on our suppliers.

Supplemental Information

Requirement (a) – Structure, activities and supply chains

Legal structure , including legal classification:	Corporation
Number of employees, both in Canada and outside Canada:	~70 (Canada)
Control of other entities, including what the controlled entities do and where they are located:	Blachford AM Ltd, Manufacturer, Ontario

Activities:

H.L. Blachford manufactures stearate-based products for a variety of industries including rubber, tire, powdered metal, plastics, PVC, food, wire drawing and metal working.

Supply chain:

H.L. Blachford Ltd purchases Raw Materials, Resale Goods and Packaging Items from various vendors all over the world. 85-90% of the suppliers are in the US or Canada, and <10% of purchases (by lbs) are from outside of North America.

COUNTRY	% by lbs purchased	% of total suppliers
USA	70-80	30-60
CANADA	10-20	30-60
SOUTH KOREA	<10	<5
INDIA	<5	<5
MALAYSIA	<5	<5
SINGAPORE	<5	<5
UK & EU	<5	<5

Requirement (b) – Policies and due diligence processes in relation to forced labour and child labour

H.L. Blachford has various policies and procedures that outline our approach and expectation of our employees and vendors.

These policies include the Corporate Social Responsibility Policy, Health & Safety Policy, and our Employee Policy Manual.

We maintain a Subcontractor Evaluation procedure where we specify our New Vendor Requirements. This process can include a Supplier Questionnaire, Foreign Supplier Security Assessment (required for non-Canadian/US vendors) and vendor audits. Outcomes from audits, questionnaires and assessments are reviewed, and action is taken as necessary.

We have recently introduced an updated *supplier Code of Conduct* document that we provide to our raw material suppliers. This document includes our expectations with regards to forced labour with expectation that they respond or provide suitable attestation regarding child labour.

Our palm oil derivative suppliers are members of RSPO (Roundtable on Sustainable Palm Oil). RSPO's aim is to make palm oil sustainable, which includes halting deforestation, treating communities and workers fairly, and protecting wildlife and the environment.

As part of our *Customs-Trade Partnership Against Terrorism* (CTPAT) membership, we are required to maintain a program to identify and eliminate all forms of forced labour in the supply chain.

Several of our suppliers have pro-actively provided statements outlining their rejection of forced labour.

Requirement (c) – Forced labour and child labour risks

We maintain a Subcontractor Evaluation procedure where we specify our New Vendor Requirements. This process can include a Supplier Questionnaire, Foreign Supplier Security Assessment (required for non-Canadian/US vendors) and vendor audits. Outcomes from audits, questionnaires and assessments are reviewed, and action is taken as necessary.

We have recently introduced an updated *Code of Conduct* document that we provide to our suppliers. This document includes our expectations with regards to forced labour. This also includes confirming the supplier also has a forced labour program in place.

Our palm oil derivative suppliers are members of RSPO (Roundtable on Sustainable Palm Oil). RSPO's aim is to make palm oil sustainable, which includes halting deforestation, treating communities and workers fairly, and protecting wildlife and the environment.

Risk – 'chemicals' as a general category are not in the top 10 risky goods by import value (Source: World Vision Canada).

Requirement (d) – Remediation measures

To date, there is no evidence of forced labour or child labour. As such, no measures have been taken to remediate forced labour or child labour in our supply chain.

Requirement (e) – Remediation of loss of income

No measures have been taken in this area. We have no information that would indicate that vulnerable families have experienced loss of income.

Requirement (f) – Training

All staff require annual training on policies, including the Corporate Social Responsibility Policy and the Health and Safety Policy.

Specified departments require training on the Subcontractor Evaluation procedure. This procedure includes the Foreign Supplier Security Assessment process. Training is required every 3 years, or when the procedure is updated.

The Director, Regulatory Affairs, and the Director, Purchasing have trained on bill S-211. This includes webinars and a review of the Act to assist in the development of the supplier ‘Code of Conduct’.

Director, Regulatory Affairs has reviewed the Act and accompanying guidance documents to assist in the development of the Code of Conduct.

Requirement (g) – Assessing effectiveness

We will continue to measure and track the responses of the returned/signed *Code of Conduct*, and responses of supplier audits and questionnaires. To date we have not seen any evidence that indicates forced labour in the supply chain. As such, no actions have been taken to assess the effectiveness in preventing and reducing risks of forced labour and child labour in their activities and supply chains.

This FY 2024 report has been approved pursuant to paragraph (4)(a) for a single entity.

“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	Michael Cundari
Title	President
Signature & Date	
“I have the authority to bind H.L. Blachford Ltd.”	