

Modern Slavery Report

Valiant TMS North America | 2023



Intelligent Automation™

VALIANT TMS

1. Introduction

This report is produced by Valiant Machine & Tool Inc. (“VMT,” the “Corporation,” “our,” or “we”) for the financial year ending December 31, 2023 (the “Reporting Period”). It details the steps taken to prevent and mitigate the risk of forced labour or child labour at any stage of our production process, both within Canada and internationally, as well as in goods imported into Canada by the Corporation.

This report is the first prepared by the Corporation under Canada’s new Fighting Against Forced Labour and Child Labour in Supply Chains Act (the “Act”).

2. Steps to prevent and reduce risks of forced labour and child labour

We consider respect for human rights as a fundamental corporate responsibility and a core value that governs all our activities. We prioritize respecting human rights in every aspect of our business operations and expect the same commitment from our business partners.

During the reporting period, we undertook the following steps to prevent and mitigate the risk of forced labour or child labour within our business and supply chains:

- Reviewed and updated our Supplier Code of Conduct in May, June, and November 2023.
- Provided comprehensive training to all team members on key policies, including business ethics, harassment, and discrimination.
- Conducted an initial internal assessment to identify the risks of forced labour and child labour in our supply chains, aiming to enhance our supplier partner due diligence process.
- Tested our new supplier partner's due diligence process, which includes considerations for modern slavery risks, with selected suppliers to refine and improve the process as needed.

This report provides detailed information on the actions mentioned above.

3. Structure, activities and supply chains

Valiant Machine & Tool Inc. is incorporated under the *Ontario Business Corporation Act*. Headquartered in Windsor, Ontario, we specialize in sales, engineering, project management, manufacturing, installation and service of manual and automated production systems for the automotive, and non-automotive industries such as heavy-duty equipment and industrial applications.

Valiant Machine & Tool Inc. is a part of the Valiant TMS Group, which is a global business, with over 1500 employees in 10 Countries as of December 31, 2023. It strives to create a diverse and inclusive culture everywhere it operates. Valiant Machine & Tool Inc.’s products are manufactured in 5 facilities in Windsor, Canada with the following:

- A highly skilled and diverse team of professionals

- Culture is driven by integrity, quality, and customer satisfaction
- Commitment to sustainability and community partnership
- A leader in digital transformation and Industry 4.0 integration
- Extensive portfolio of successful projects
- Global systems, processes, resources, and capacity
- Full-service supplier – a single source for complete solutions

Our Mission

We design, build and integrate intelligent automation solutions that leverage new technologies to create smart and sustainable factories for the world's leading companies.

Our Values

Our people define who we are as a company. We believe in our people and their capabilities to care for our customers, which is why we place so much importance on our values. Integrity, Customer Enthusiasm, Sustainability, Equality and Diversity, Collaboration and Innovation are the guiding principles that govern every aspect of our business.

Global Supply Chain

VMT's global supply chain comprises product suppliers, including integrated equipment, commercial components, engineered mechanical and electrical systems, as well as non-product goods and services suppliers. The raw materials, components, items, and systems required for manufacturing manual and automated production systems are sourced from suppliers worldwide and vary by product. Most of these materials, components, and systems are supplied by long-term contracted partners.

VMT prioritizes long-term relationships with major direct and indirect suppliers to ensure the consistent delivery of materials, major systems, and components essential for building and delivering production systems, as well as supporting customers with related services. VMT has established strong relationships with suppliers globally, spanning production, indirect goods and services, and aftermarket support.

Currently, VMT collaborates with approximately 825 product suppliers, 294 non-product suppliers and 281 Service Suppliers in 17 countries.

4. Policies, Governance and Due Diligence processes

4.1. Environmental, Social and Governance Initiatives

VMT is dedicated to integrating human rights considerations into its policies, governance framework, and decision-making processes. Managing Environmental, Social, and Governance (ESG) risks and opportunities are seen as essential to VMT's business success. VMT consistently monitors sustainability-related risks impacting its operating environment and develops strategies to enhance its performance in sustainability areas.

The Board of Directors has delegated oversight of sustainability and corporate social responsibility to the Leadership Team. This includes monitoring the Corporation's ESG plan, practices, policies, and related disclosures, as well as ensuring compliance with the Corporation's Code of Ethics. The Compliance and Human Resources group within the leadership team also oversees specific aspects of ESG-related matters and disclosures.

VMT reports annually on its corporate social responsibility performance and ESG practices through various third-party assessment platforms, including EcoVadis, Supplier Assurance, and CDP. These reports encompass our ESG plan and goals for 2030, as well as the Corporation's yearly sustainability performance. We are committed to promoting the 10 fundamental principles of the UN Global Compact (UNGC) in our business activities, which address human rights, environmental protection, anti-corruption, and labour rights, with a particular focus on eliminating all forms of forced labour and abolishing child labour.

4.2. Human Rights Statement

Our Human Rights Statement underscores VMT's zero-tolerance policy towards the use of child or forced labour. In line with this commitment, we expect all employees and business partners to adhere to these principles. Our Human Rights Statement is available on our website at [VMT Human Rights Statement](#).

4.3. Code of Ethics (the "Code")

The Code is applicable to all members of the VMT community, including the Board of Directors, management, and employees at every level, across all countries, and within every VMT legal entity (including joint ventures where VMT holds a majority or controlling interest). It addresses ethical conduct in our work environment, business practices, and relationships with external stakeholders.

The principles outlined in the Code reflect VMT's conviction that honesty and integrity foster a positive work environment, thereby enhancing the confidence of all stakeholders. The Code specifies the behavioral standards expected of everyone it governs in their daily activities and interactions with others. Additionally, it delineates the key responsibilities of VMT leaders to exemplify high ethical standards and to cultivate a work environment that embodies both the content and the spirit of the Code.

Our Code mandates adherence to our core values, behavioral standards, and commitment to the UNGC's 10 principles in all our global operations. It applies universally and without exception to all members of the Board of Directors, management, and employees. The Code is available for review here: [VMT Business Ethics Policy](#).

4.4. Code of Conduct for Supplier Partners (the "Supplier Code")

Aligned with VMT's vision for its supplier partners, VMT actively engages its supply chain by ensuring supplier adherence to its Supplier Partner Code. This Code, developed in recognition of the 10 principles outlined in the UNGC, was last updated in November 2023. It details our expectations of supplier partners regarding human rights, labour, legal compliance, health and safety, environmental stewardship, anti-corruption measures, ethics, and governance.

The Supplier Code specifically includes provisions prohibiting child labour and forced labour. The full Supplier Code can be accessed here: [VMT Supplier Code](#).

“2.2 Child labour:

VMT expects its suppliers to prohibit and refrain from any form of child labour in their companies. Suppliers must observe the minimum employment age in their business activities and throughout their supply chain in accordance with the ILO Minimum Age Convention and shall ensure that child labour/ labour is not tolerated in any form.

2.3. Forced labour:

VMT does not utilize practices involving the use of forced labour and we will not knowingly do business with companies that do. VMT requires that all employees entering into employment with the company or our suppliers do so at their own free will.”

4.5. Supplier Partner Due Diligence Policy

While enhancing operational efficiency, we are also committed to strengthening our processes to mitigate risks related to forced and child labour. In accordance with our Supplier Partner Due Diligence Policy, our supply chain organization implements a risk assessment procedure before engaging with new suppliers and conducts reviews based on their operational risk framework.

VMT has enhanced the existing Supplier Partner Due Diligence process by introducing a comprehensive four-step risk-based approach. This improvement bolsters VMT’s ability to identify and mitigate risks within its supply chain, including those related to modern slavery. In 2023, selected suppliers underwent this process to test and refine its effectiveness.

4.6. Reporting and Non-Retaliation Policy

In accordance with our Reporting and Non-Retaliation Policy and our Supplier Partner Code, employees and suppliers are obligated to report any concerns regarding forced or child labour. VMT provides multiple channels for reporting potential breaches, which can be done confidentially or openly. These channels include:

- Reporting to colleagues, including supervisors, human resources representatives, or the next level of management;
- Reporting by email or phone, accessible to both employees and suppliers;

These mechanisms ensure that concerns are addressed promptly and appropriately.

5. Assessing and managing our risk

VMT employs a risk-based approach to assess and manage the risks of forced labour and child labour. This approach enables us to prioritize our efforts and adjust our actions effectively. Our methodology for identifying risks in our supply

chain through our Supplier Partner Due Diligence process incorporates country risk indicators, supplier categories, and the types of products/services offered by the supplier partners. The resulting risk score determines the level of additional due diligence required, including specific assessments for forced and child labour, and dictates the extent of ongoing monitoring and review frequency.

Our risk identification methodology is based on several factors:

- Whether the supplier is headquartered or has manufacturing sites in countries with low scores on the corruption perception index or those identified as high-risk by the global slavery index based on the products they supply to VMT.
- Whether the products/services originate from or are delivered to the aforementioned high-risk countries.
- Whether VMT is supplied with certain indirect goods and services.
- Whether the products offered by the supplier to VMT include raw materials.

Additionally, VMT has implemented a comprehensive monitoring solution that detects global events potentially impacting our supply chain. This real-time solution enhances our visibility across the supply chain, enabling us to monitor worldwide activities that may disrupt or affect operations and to proactively address risks. Events monitored include natural disasters, labour disruptions, cyber-attacks, and financial and geopolitical risks.

6. Remediation Measures

Our Reporting and Non-Retaliation Policy, Code of Ethics, and Supplier Code provide mechanisms for employees and suppliers to report ethical or legal violations, among other concerns. The Supplier Partner Code includes details on the Misconduct Reporting Line, which suppliers can use to raise issues.

Aligned with UNGC principles and our policies, if a situation of non-compliance is identified, VMT will develop and implement a corrective action plan to address and remedy the issue.

7. Training

VMT employees receive regular, tailored training on ethical topics and our policies. All new office employees must complete a mandatory onboarding training package, which includes training on our Code of Ethics. Annually, all employees are required to certify their compliance with our Code of Ethics.

In 2024, VMT plans to provide comprehensive training to all employees, which will include specific modules on child and forced labour.

8. Assessing effectiveness

VMT has implemented several measures to prevent and mitigate the risk of forced labour and child labour in our activities and supply chains. Although we have not yet evaluated the effectiveness of these actions, VMT plans to conduct such assessments at a later stage to ensure the efficacy of our efforts in reducing these risks.

9. Approval and Attestation


This Report was approved pursuant to subparagraph 11(4)(a) of the Act by the Board of Directors of Valiant Machine & Tool Inc.

In accordance with the requirements of the Act, and in particular section 11 thereof, I, the undersigned, attest that I have reviewed the information contained in this report for the entity listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in this report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Full Name: Sladjan Milidrag

Title: President

Date: May 27, 2024

Signature:  I have the authority to bind Valiant Machine & Tool Inc.