



VMAC Global Technology Inc.

Annual Report S-211 Forced Labour in Canadian Supply Chains

This report is for VMAC year ended February 29, 2024

This statement is made pursuant 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.

This statement outlines the approach and initiatives by VMAC to identify and address the risks of forced labour and child labour in its business operations and supply chains during the financial year commencing March 01, 2023, and ending Feb 29, 2024.

#### **About VMAC**

A multi award-winning organization located in Nanaimo British Columbia, VMAC has been named one of Canada's Best Managed Companies, Best Workplaces™ in Canada, and is Great Place To Work Certified™. With over 35 years of history, VMAC is the leading air compressor manufacturer in North America. VMAC's mobile air compressors and multi-power systems have earned a reputation for extraordinary design, build quality, durability, and reliability in extreme conditions among operators and fleet managers worldwide. VMAC embraces lean manufacturing and maintains ISO 9001:2015, ISO 14001:2015 and C-TPAT certifications, empowering our team of nearly 200 coworkers to deliver exceptional quality products that can be relied upon.

VMAC is committed to respecting human rights and ensuring our supply chain complies to all regulatory bodies. We are proud to have a robust supply chain partnering with local, provincial, North American, and Global suppliers. Continuous improvement is a priority for VMAC in all aspects of business including Supply Chain strategies.

#### Supply Chain

- VMAC manages its supply chain through various activities collaboratively with QA, Engineering and Operations through a supplier management process.
- VMAC sources components from approx. 200 suppliers, primarily from Canada, USA and 8 other countries. To reduce single source risk, we opt to diversify our supplier base which leads to strong supplier relationships while building in flexibility to changing demand or supply disruption. Sustainable practices are a top priority.
- Manufacturing including machining, fabrication, assembly, and testing are fully performed in Canada.
- Sales are executed through dealer networks across North America and Globally.



### Policies and due diligence

- Corporate policies include:
  - Code of Ethics and Anti-Corruption,
  - Whistleblower,
  - Anti- Bribery & Acceptance of Gifts.
- Supply Chain policies include:
  - F044 VMAC Supplier Qualification Assessment, addresses social and governance factors including but not limited to forced labour and child labour.
  - Supplier Security risk management - Evaluation and selection of suppliers based on security risk information.

### Supply Chain risks and management.

- Subcontract or outsourcing operations:
  - VMAC endeavors to do business with OEM's and other direct. VMAC expects suppliers to uphold the same or higher level of ethics standards across their supply chain.
- Regulatory risks: compliance risks arising from changing regulations.
  - VMAC keeps informed of industry and regulatory changes and its impact to business operations.
- Supply chain transparency including material origin and labour practices.
  - Periodic supplier assessment as part of supplier qualification and development program are performed.

### Measures to Remediate

- No direct or indirect identification of forced or child labour is found within VMAC supply chain activities.

### Training and Awareness

VMAC is committed to recognizing human rights and labour principles throughout its global supply chain. VMAC considers employees to be the most important resource and is committed to the treatment of all employees with dignity and respect. All suppliers are required to comply with local laws governing the employment relationship.

VMAC believes that all employees should have the right to voluntarily elect whether to be employed by the supplier. The use of force or involuntary labour of any kind, toleration of abusive disciplinary practices are not allowed within VMAC business operations. Suppliers must adhere to VMAC business requirements and practices.



At VMAC Global Technology Inc., the onboarding process is integral for the seamless integration of new team members into our workforce.

Policies covered during onboarding encompass a wide variety of topics including, Safety and First Aid, Intellectual Property and Confidentiality Agreements, Code of Ethics and Anti-Corruption, Whistleblower, Anti-Bribery, Diversity and Inclusion, and Reporting Suspicious Activity.

VMAC's onboarding process goes beyond mere orientation; it cultivates an alignment with the company's objectives. Through meaningful interactions with key stakeholders, including managers, new hires gain insights into our company culture, values, and vision.

#### Effectiveness assessment

- Supplier monitoring is an ongoing process, parts of VMAC program include:
  - Supply chain KPI's – Quality, on time delivery via Scorecard.
- Regular review of supply chain partners to ensure compliances with regards to supplier business practices, quality standards, regulatory requirements, control management, operational excellence, sustainability, and social responsibility. Jointly, Quality and Supply Chain conduct surveillance supplier audits both remotely and onsite.

This statement is made pursuant to Bill S-211, An Act to enact the Fighting Against Forced Labour and Child Labour In Supply Chains Act for the Financial year ending 02/29/2024. Issued on behalf of VMAC Global Technology Inc. and approved by VMAC Global Technology Inc. board of directors.

A handwritten signature in blue ink, appearing to read "J. van Campen", is written over the printed name.

Jacques van Campen  
Chairman of the Board VMAC Global Technology Inc.

May 29, 2024