

**Annual Report under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (Canada)**

May 28, 2024

**National Fire Equipment Limited**

## INTRODUCTION

In May 2023, Canada enacted its first modern slavery legislation: *An Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff* (the “**Act**” or the “**Canadian Modern Slavery Act**”). Under the Act, certain companies, including National Fire Equipment Limited, are required to produce and file an annual report with the Minister of Public Safety and Emergency Preparedness of Canada. The report must, among other things, describe the modern slavery risks within the organization, as well as the risk mitigation measures implemented to address them. Completed reports must be approved by a company’s board of directors, and must be made available to the public, including by publishing them on their websites.

## REPORT PERIOD

This report is prepared by National Fire Equipment Limited for the period from January 1, 2023 to December 31, 2023 (the “**reporting period**”):

## CORPORATE STRUCTURE, BUSINESS ACTIVITIES AND SUPPLY CHAINS

### Structure

Established in 1959 National Fire Equipment Limited (“**National Fire**”) is a privately owned multi-branch company dedicated exclusively to the fire protection industry. With our corporate offices located near Toronto, Ontario and distribution centers and sales offices across the country National Fire offers the most complete range of fire protection products in Canada.

### Business Activities

National Fire is a provider of fire protection products and services.

### Supply Chains

National Fire seeks to distribute leading product lines and we endeavour to align with manufacturers in long-term relationships.

Given the highly broad and diverse range of products we distribute, supply chains vary greatly. Over 90% of the products sold are sourced from North American based vendors. Other countries we source from include China, Italy and Spain. Some products are, or include components that may be, manufactured and assembled in multiple regions before the finished product is packaged, sold and delivered to us for distribution in Canada. In some cases, we have visibility over the source country or region of a product, while in other cases we do not. Where a product has undergone manufacturing, processing and/or assembly in multiple countries or regions, we may only have visibility over the country or region of final assembly or finishing.

# **POLICIES AND PROCESSES**

## **Ethical Business Practices**

National Fire holds itself to high standards of business integrity and ethical conduct. We have adopted policies to seek to foster an inclusive and collaborative environment where every individual is valued and respected and treated humanely and are free from harassment or discrimination in safe and secure workplaces.

These principles are embedded in our Code of Ethical Standards and Business Practices and Conduct (“**Code of Conduct**”) which should be followed by anyone who works on behalf of National Fire. It reflects National Fire’s commitment to ensuring that human rights are respected and encouraging our suppliers to adopt fair labour practices. Employees must certify they understand and will adhere to the Code of Conduct.

During the reporting period, we created several new procedures to enhance our commitment to maintaining high ethical standards in business, with particular focus on forced labour and child labour. These include the addition of an Illegal Labour Policy to our revised Employee Handbook expanding the requirements for employee awareness and training with particular emphasis on identifying and reporting of any form of forced labour or child labour in our supply chain.

## **Due Diligence**

We have adopted a risk-based approach to assessing the presence of forced labour or child labour in our supply chains. During the reporting period, we identified our largest North America based vendors, who accounted for approximately 60%, of our purchases by dollar value and all non-North America based vendors. As part of the Annual Vendor Audit each vendor was required to disclose whether they had identified any risk of forced labour or child labour in their respective supply chains and, if so, what measures had been taken to address the risk, as well as whether they had prepared and submitted any modern slavery reports other jurisdictions.

We also conducted our own independent due diligence on our major vendors in the context of forced labour, child labour and modern slavery, utilizing publicly available tools and resources, including vendor reports published indicating compliance with the United Kingdom’s Modern Slavery Act 2015 and California’s Transparency in Supply Chains Act.

# **RISK ASSESSMENT**

## **Areas of Risk**

National Fire primarily sources manufactured products from vendors based in North America where the risk of forced labour or child labour in manufacturing activities is relatively small. While we have included our North American vendors in our risk analysis effective risk management calls for focused attention on our international vendor base.

We consider that in order to effectively identify the risk, if any, of forced labour and child labour in our supply chains, we must work collaboratively with our vendors. This means engaging our vendors in an ongoing dialogue about the risk of forced labour and child labour in our common supply chains and identifying strategies to avoid or eliminate these practices in those supply chains.

## **Steps Taken During Reporting Period to Prevent and Reduce Risk**

We took several important steps during 2023 to prevent and reduce the risk that forced labour and child labour is used at any step in the production of goods we provide.

We required all non-North America based vendors to provide confirmation that no forced labour or child labour exists at their production facility or in their supply chain. In addition dates were established for site audits of production facilities in 2024

We initiated due diligence on certain of our major North American vendors during our Annual Vendor Audits regarding the source of their goods as well as the use of any forced labour or child labour in their supply chains. We also conducted our own independent due diligence on our major vendors in the context of forced labour and child labour.

We also increased employee awareness around forced labour and child labour through the implementation of training for employees who are involved in supply chain and procurement activities. This is discussed further below.

## REMEDIATION MEASURES

As we did not uncover any instances of forced labour or child labour in our supply chains during the reporting period, we did not undertake any remediation measures.

## TRAINING PROVIDED TO EMPLOYEES

During the reporting period, we implemented training regarding forced labour and child labour for employees who are involved in supply chain and procurement activities.

As part of the training, employees were required to review materials to raise their awareness about forced labour and child labour in supply chains and lead Annual Vendor Audits which included a review of the vendors supply chain with specific emphasis on the risks of forced labour and child labour. In addition procurement employees were responsible for obtaining vendor confirmations regarding the absence of forced labour and child labour in the vendors manufacturing process and supply chain

## ASSESSING EFFECTIVENESS

As noted, during 2023, we built on our strong commitment to high ethical standards by introducing several measures aimed at preventing and reducing the risk that forced labour or child labour is used in our activities and our supply chains. While we have not yet taken active steps to assess the effectiveness of these measures, going forward we will consider suitable processes to assess their effectiveness, and the effectiveness of any other similar measures introduced by us, in preventing and reducing the risk that forced labour or child labour is used in our activities and our supply chains. Such processes may include leveraging existing processes, such as internal and external audits, and policy reviews, among others.

## 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 this joint report for National Fire. 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 ended December 31, 2023. This report has been approved by the Board of Directors of National Fire Equipment Limited pursuant to section 11(4)(b)(ii) of the Act.

**Dated** at Vaughan, Ontario as of the 28<sup>th</sup> day of May, 2024.



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**Daniel Webster**  
**President**

*I have authority to bind National Fire Equipment Limited Corporation.*