



CDN CONTROLS ULC

MODERN SLAVERY REPORT to the GOVERNMENT of CANADA, 2023

Introduction

This report (the **Report**) is made by CDN Controls ULC (“CDN Controls” or “the Company” or “we” or “our”) pursuant to Canada’s Fighting Against Forced Labour and Child Labour in Supply Chains Act (the **Act**). It constitutes our approach to prevent and reduce the risk of the use of forced labour and/or child labour (“modern slavery”) in the Company’s supply chain for their 2023 financial year, November 1, 2022 to October 31, 2023 (**2023**).

1. Steps to Prevent and Reduce the Risks of Forced Labour and Child Labour in 2023

CDN Controls took the following steps during 2023 to prevent and reduce the risk of forced and/or child labour in our business and supply chains:

- Conducted supply chain mapping activities.
- Conducted an internal assessment of risks of forced labour and/or child labour in the organization’s activities and supply chains.
- Contracted an external third-party, [Shift Critical International Ltd.](#), to assess the risks of forced labour and/or child labour in the organization’s activities and supply chains.
- Developed and implemented an action plan for addressing forced labour and/or child labour.
- Developed and implemented due diligence policies and processes for identifying, addressing, and prohibiting the use of forced labour and/or child labour in the organization’s activities and supply chains.
- Audited suppliers.
- Implemented training and awareness materials on forced labour and/or child labour.





2. Corporate Structure, Business Operations and Supply Chains

Corporate Structure and Governance

CDN Controls was founded in March 2011, in Grande Prairie, Alberta. As of March 15, 2024, the Hoffman Family of Companies (HFOC), a U.S.-based family-owned private equity firm, acquired a majority ownership stake in CDN Controls. The remaining minority ownership is held by a group comprising the company's founders and former owners.

The current governance structure, since March 15, 2024, includes a Board of Directors comprised of two seats held by CDN Controls' cofounders, who are the current CEO and COO, and four seats from HFOC.

Business Operations

CDN Controls operates 11 branches in Western Canada and has a U.S.-based entity operating under the name "CAVIS" (officially launched in 2024). Note that the 11th branch was opened in mid-May 2024, and is not reflected on the map shown below; the location of this branch is Medicine Hat, Alberta.

CDN Controls is an energy services company of skilled tradespeople and is Western Canada's leader in electrical and instrumentation maintenance, renewables/solar, industrial automation, fabrication, telecommunications, major projects, combustion and emissions reduction, and measurement.



10 BRANCHES

ALBERTA	BRITISH COLUMBIA
Brooks	Fort St. John
Calgary ²	Kitimat
Edmonton	
Grande Cache	
Grande Prairie	
Valleyview	
Drumheller	





Supply Chain Management

The Act requires CDN Controls to report on activities that relate to the production, sale, and distribution of goods, both in and outside of Canada, and any importation of goods into Canada. We procure goods and services from a range of third parties and vendor awards are issued in accordance with our policies and procedures. The majority of our suppliers are North American based.

We focus on safe, cost-effective and innovative solutions, excellent service delivery and maximizing economic benefits and employment in the communities where we operate.

Policies

We have conducted a risk assessment of our supply chain through an independent third-party advisor, Shift Critical International Ltd.

In 2024 CDN Controls will assess its current policy framework for gaps with respect to forced labour and child labour and will be seeking advice on the design and implementation of a Supplier Code of Conduct to further clarify our expectations that our suppliers are in compliance with the Act.

3. Due Diligence: Steps Taken to Assess and Manage the Risks

CDN Controls has taken the following steps during 2023 to identify and manage forced labour and child labour risk within our supply chain. In the first instance, and after internal discussion with company leadership, we commissioned an independent third-party advisor to assess our supply chain and provide other support services. Subsequently we have undertaken the following steps.

- Held internal discussions with our Executive Leadership Team Members and Senior Leadership Team Members to apprise them of our compliance obligations and measures being taken to manage forced labour and child labour risks.
- Commissioned an independent third-party evaluation and report of forced labour and child labour risk within our supply chain.
- Mapped our supply chain and categorized suppliers according to their level of risk.
- Engaged with our suppliers through a survey which required them to respond to questions about risk in their own supply chains. In this way we have extended our risk evaluation across our supply chain.





- Compiled a report to government and responses to the government questionnaire which we are submitting here in compliance with the Act.

Following these initial steps, it is our intention to take further measures during 2024 to support our commitment to assessing and managing these risks.

- Training will be provided in Q3 and Q4 2024 to Executive Team Members, Senior Leadership Team Members and Procurement Managers. This training will be mandatory for these teams and will be offered through an external third-party firm, [Shift Critical International Ltd.](#)
- CDN Controls will be assessing our current policy framework for gaps with respect to forced labour and child labour which, if found, will be addressed through policy development. This assessment will include a review of the contractor on-boarding process to ensure that our expectations regarding compliance with the Act are clear.
- CDN Controls will also take opportunities to promote strong governance with respect to forced and child labour among our suppliers and lead by example by adopting strong governance in our own operations.
- In 2025 we will be conducting the supply chain risk assessment process again to confirm that our status remains low risk overall.

4. Forced Labour and Child Labour Risk

For the purposes of our supply chain evaluation, risk is characterized in a number of ways:

- Inherent risk: Accrues from the types of products, locations and industrial sectors that have a strong association with forced labour and child labour.
- Non-inherent risk: Differs from inherent risk in that it accrues from things over which individual corporations have greater control; for example, adopting a policy or administering staff training.
- Direct risk: Risk that a CDN Controls Tier 1 supplier carries as a result of its own operations.
- Indirect Risk: Risk that a CDN Controls Tier 1 supplier carries as a result of its own supply chain. These suppliers will be CDN Controls' Tier 2 suppliers and extends risk assessment further across the supply chain.

We believe that overall, our supply chain risk is very low. Inherent risk has been identified among a few suppliers associated with oil and gas products, metals, and minerals usage and industrial equipment. However, all of these suppliers declared that they have a process in place for assessing their own risk and





robust processes for managing these risks. It is also stressed that no supplier declared instances of forced labour or child labour in their operations or supply chains. We will continue to evaluate and monitor our own supply chain risk going forward.

5. Remediation

As no instances of forced labour or child labour were identified within our own operations, among our suppliers or within their respective supply chains. Consequently, no remediation measures were required.

6. Remediation for Loss of Income

As no instances of forced labour or child labour were identified in our own operations, among our suppliers or within their respective supply chains no remediation measures for loss of income were required.

7. Training

In the third and fourth quarters of 2024, mandatory training will be provided to Executive Team Members, Senior Leadership Team Members and Procurement Managers. This training will be facilitated by an external third-party firm, Shift Critical International Ltd.

The training aims to equip staff with the necessary skills to identify and appropriately respond to potential signs of forced labour or child labour risk. Given the Director liability established by the Act it is crucial to provide Board of Director and Senior Leadership Team training, and to promote training across our supply chain partners as well.

8. Acting on the findings of our Risk Assessment

Following our risk assessment we have determined that our supply chain risk of forced labour and child labour is low. However, we also recognize that there are opportunities to strengthen our approach to risk management. We will utilize an annual risk assessment and third-party review to strengthen our approach to managing forced labour and child labour risk. Measures will include:

- Policy and governance review: Conduct a review of our current policy framework to ensure that it includes appropriate references to child labour and forced labour and draft a Supplier Code of Conduct.





- Provide guidance to suppliers specifically regarding modern slavery: This may take the form of a one or two-page document explaining what modern slavery is, how it is identified, and what to do if it is suspected.
- Policy acknowledgement: Draw attention to modern slavery and human rights within our own policies and contractual documents, such as our 'terms and conditions,' and 'master service agreements'. We will require contractors to acknowledge their familiarity with the expectations outlined in these documents.
- Staff Training: Train staff to identify and appropriately respond to signs of forced labour and/or child labour risk.
- Promote strong governance among suppliers: Encourage suppliers to adopt strong governance and oversight of their own operations and supply chains.

9. Our Approach to Remediation

CDN Controls has limited the risk of forced labour or child labour in our supply chain. We have established mechanisms that allow employees, contractors and stakeholders to bring forward matters of concern including those associated with forced labour and child labour.

We encourage all employees, contractors, and consultants who are performing work for the Company, and other stakeholders who are impacted by our business, to speak up and proactively raise their concerns about potential violations, issues and/or concerns.

10. Assessing the Effectiveness of Our Actions

We assess the effectiveness of our approach to identifying and managing forced labour and child labour risk by partnering with an external organization that conducts an independent review of the organization's actions.

We also take the following measures to assess the effectiveness of our approach to identifying and managing risks associated with forced labour and child labour.

- Our Executive Leadership Team and Senior Leadership Teams are now apprised on an ongoing basis regarding actions to identify and mitigate forced labour and child labour risk.





- We have reviewed the Act and taken advice on appropriate due diligence measures.
- We are committed to assessing risk, and reviewing our policies, practices and approach on a regular and ongoing basis in line with best practice.
- We engage with suppliers both through the survey and by other means to encourage and promote responsible approaches to risk management.
- We have applied additional due diligence measures in the first year of reporting through an independent third-party service provider.

11. Looking Forward

CDN Controls will continue to build on its inaugural report and the experience we have gained through this process.

- **Reporting:** Pursuant to the Act, we will compile an annual report on our efforts to support Canada's international commitment to contribute to the fight against forced labour and child labour risk in supply chains.
- **Annual risk assessment:** We are committed to conducting an annual supplier risk assessment, as conducted for the 2023 report, to gather information about risks related to forced labour and child labour.

12. Approval and Attestation

This Report was approved pursuant to subparagraph 11(4)(a) of the Act by CDN Controls.

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. 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 2023.

I have the authority to bind CDN Controls.

Full name: Dean Fraser

Title: CEO, Officer of the Company

Date: May 28, 2024.

