

SHIBAURA MACHINE COMPANY, AMERICA

755 Greenleaf Avenue
Elk Grove Village, IL 60007

CANADA FORCED LABOR REPORT FOR SHIBAURA MACHINE COMPANY, AMERICA

This report (“**Report**”) is made in compliance with Canada’s Fighting Against Forced Labour and Child Labour in Supply Chains Act (the “**Act**”) by Shibaura Machine Company, America, (hereinafter “**SMA**” and specifically including our Canadian branch office located in Markham, Ontario), a wholly owned subsidiary of our parent company in Japan; Shibaura Machine Co., Ltd. (hereinafter “**SMJ**”).

This initial report is dated May 28, 2024 and has been prepared for the fiscal year beginning April 1, 2023 ending March 31, 2024.

Company Structure and Activities

SMA is headquartered in Elk Grove Village, IL and has several offices in North America including a branch office in Markham, Ontario, Canada. SMA purchases and imports high-precision plastic injection molding machines, die casting machines, and machines tools manufactured by our parent company, SMJ, sells such machinery primarily in North America, and supports such sales with spare parts and specialized field service sales to our customers as required.

SMA has been an Illinois corporation since 1975. In compliance with US and Canadian employment law, SMA has robust internal controls to thoroughly and lawfully review the personal identification and background of all potential hires to ensure voluntary and lawful employment.

SMA’s parent company has developed corporate-wide Standards of Conduct and material procurement policies which require us to; comply with all applicable laws, regulations, and standards concerning human rights, respect human rights, and ensure we do not condone the use of either child or forced labor within our organization or supply chain. Further, we are required to take appropriate measures in the event SMA becomes aware of a violation of human rights and demand suppliers redress such.

Supply Chains

Our supply chain is relatively simple. SMA's sole supplier for finished machinery, and primary supplier for spare parts, is our parent company, SMJ, and its related parties. As a related party and wholly owned subsidiary, we understand and comply with SMJ's Standards of Conduct and material procurement policies.

When outside field service is occasionally required, we contract with reputable and reliable sources consistent with US and Canadian law.

With respect to other suppliers in our supply chain, SMA has not yet completed a robust risk assessment process at this time. To the best of our knowledge, we are not aware of risks regarding forced labour, since almost all operations and suppliers are either related parties or in Country (ex. Canada / US). However, our investigation into this matter has been minimal at this time.

Policies and Due Diligence

SMA and the entire Shibaura Machine corporation prides itself on being a good corporate citizen to all its stakeholders. SMA has been an Illinois corporation since 1975. In compliance with US and Canadian employment law, SMA has robust internal controls to thoroughly and lawfully review the personal identification and background of all potential hires to ensure voluntary and lawful employment.

The vast majority of our direct supply chain is with our parent company, SMJ, and other related parties subject to the same corporate requirements and annual corporate audit. SMA's parent company has developed corporate-wide Standards of Conduct and material procurement policies which require us to; comply with all applicable laws, regulations, and standards concerning human rights, respect human rights, and ensure we do not condone the use of either child or forced labor within our organization or supply chain. Further, we are required to take appropriate measures in the event SMA becomes aware of a violation of human rights and demand suppliers redress such violations.

Risks of Forced Labor or Child Labor in Our Supply Chain

SMA, as well as the entire Shibaura Machine corporation, is committed to the safety and health of its employees and conducts its operations in compliance with applicable laws and regulations. Suppliers are also expected to provide a safe working environment. We are a distributor of industrial machinery manufactured by our corporate parent. We sell to customers in North America who use said machinery in their manufacturing processes. The business of our parent company is the design and manufacture of high-precision plastic injection molding machines, die casting machines, and machine tools. SMA does not engage in manufacture; we purchase, import, and sell said machinery in North America. Therefore, the vast majority of our direct supply chain is with our parent company, SMJ, and other related parties subject to the same corporate requirements and audit. SMA's parent company has developed corporate-wide Standards of Conduct and material procurement policies which require us to; comply with all applicable laws, regulations, and standards concerning human rights, respect human rights, and ensure we do not condone the use of either child or forced labor within our organization or supply chain. Further, we are required to take appropriate measures in the event SMA becomes aware of a violation of human rights and demand suppliers redress such violations.

With respect to other suppliers in our supply chain, SMA has not yet completed a robust risk assessment process at this time. To the best of our knowledge, we are not aware of risks regarding forced and child labor, since almost all operations and suppliers are either related parties or in Country (ex. Canada / US). However, our investigation into this matter has been minimal at this time. We regard our current exposure to forced and child labor risks as low, however we recognize the need to enhance due diligence and transparency within our supply chains.

Remediation Measures

SMA carefully complies with the standards of conduct and material procurement policies of our corporate parent. We have not identified any forced labor or child labor in our activities and supply chains.

Remediation of Loss of Income

We have not identified any loss of income to vulnerable families resulting from measures taken to eliminate the use of forced labor or child labor in our activities and supply chains.

Employee Training

All employees of SMA receive the corporate Standards of Conduct as part of their onboarding materials. At least once per year all employees are required to review the Standards of Conduct, including its prohibitions related to forced and child labor, and are tested to confirm their knowledge and understanding of the policy.

Purchasing personnel are given additional and periodic training specific to their procurement function which includes review and understanding of our corporate material procurement policies which specifically prohibit forced and child labor practices in our supply chain.

Finally, SMA recently introduced a new whistleblower tool which is confidential, easily accessible, and fully administered by an outside law firm, which allows employees to comfortably report any concerns, including knowledge of potential forced or child labor in the supply chain.

Assessing Effectiveness

With respect to other suppliers in our supply chain, SMA has not yet completed a robust risk assessment process at this time and our investigation into this matter has been minimal to date. To the best of our knowledge, we are not aware of risks regarding forced labor, since almost all operations and suppliers are either related parties or in Country (ex. Canada / US). However, pursuant to our Standards of Conduct and material procurement policies, we maintain internal accountability standards and procedures to address employees, contractors or suppliers who fail to meet company standards regarding forced and child labor.

Finally, SMA recently introduced a new whistleblower tool which offers reporting confidentiality, easy accessibility, and is fully administered by an outside law firm, which allows employees to comfortably report any concerns, including knowledge of potential forced or child labor in the supply chain. SMA prohibits retaliation against anyone who reports a concern in good faith.

Attestation

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest I have reviewed the information contained in the report for the entity or entities above described. Based on my knowledge, and having exercised reasonable diligence, I attest 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.

The Report has been approved pursuant to Section 11(4)(a) of the Act by the Board of Directors on May 29, 2024.

A handwritten signature in black ink, appearing to read 'Hiroshi Azuma', with a circular flourish at the end.

Hiroshi Azuma
President
May 28, 2024

I have the authority to bind Shibaura Machine Company, America