

FORCED LABOUR IN CANADIAN SUPPLY CHAINS 2023

Organization

Legal Name: Price Industries Limited, APEL Extrusions Limited and Anvil Investments Limited

Financial Reporting Year: January 1, 2023, to December 31, 2023

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Report Type: Joint report

Reporting Jurisdictions: Canada

Entity Categorization: Corporations

Sector/Industry: Manufacturing

Location: 638 Raleigh Street, Winnipeg, MB, Canada R2K 3Z9

Structure and Activities

Price Industries Limited (“Price”) is a privately held Manitoba corporation. Established in 1949 and headquartered in Winnipeg, MB, Price is a manufacturer and distributor of commercial air distribution products. Price’s product range encompasses commercial air distribution, critical environment and control systems, electronics, and mechanical HVAC equipment. Price has three manufacturing facilities in Canada, including two in Winnipeg and one in Woodbridge, ON. E.H. Price, a division of Price, serves as the HVAC sales organization, with 21 offices across Canada, specializing in air distribution, industrial HVAC, and mechanical HVAC sales and service. E.H. Price International, another division of Price, operates as the sales organization for sales outside of Canada and the United States from its international headquarters in Winnipeg. Price has an affiliated company in the United States, Price Industries Inc. (“Price US”), which has manufacturing facilities in the United States. The majority of Price’s product shipments are distributed to locations in the United States and Canada. During 2023, approximately 61.5% of Price’s shipments were exported from Canada into the United States, 37% were distributed to the Canadian market and 1.5% were exported to countries other than Canada or the United States.

Price has a matrixed corporate structure and has separate divisions for its manufacturing operations and for its distribution and sales activities, as well as for different product categories. In addition to a company President and Vice Presidents, each unit or division is led by a General Manager. During 2023, Price employed approximately 1,843 employees who work in Canada.

APEL Extrusions Limited (“APEL”) is a privately held Alberta corporation. Established in 1972 and now headquartered in Calgary, AB, APEL is a manufacturer of aluminum-extrusion and aluminum-extrusion-related products. APEL serves the building and construction, transportation, electrical, solar and various other industries with extruded-aluminum products. APEL also performs painting, anodizing and other machining services. All of APEL’s product shipments are distributed to locations in the United States and Canada. During 2023, approximately 11% of APEL’s shipments were exported from Canada into the United States, and 89% remained in the Canadian market. APEL has one manufacturing facility in Canada, located in Calgary. During 2023, APEL employed approximately 133 employees who work in Canada.

Anvil Investments Limited (“Anvil”) is a privately held Manitoba corporation. Anvil is a holding company and doesn’t itself manufacture, sell products or services, or conduct other business operations. Anvil has an ownership and controlling interest in Price and APEL. Price and APEL are the subsidiaries of Anvil with reporting obligations for the 2023 financial reporting year under Canada’s Act to enact Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff (the “Act”). This is a joint report that describes the activities of Price and APEL.

Supply Chain

Source Countries and Regions in the Supply Chain

Price’s suppliers are located predominantly in Canada and the United States, with only select supplementary suppliers located in Asia, Mexico and Europe. More specifically, during 2023, approximately 98% of the suppliers Price did direct business with were located in Canada and the United States. For the purposes of this report, the term “Tier 1 Suppliers” means suppliers Price did direct business with during 2023. The remaining approximate 2% of Tier 1 Suppliers were distributed across Asia, Mexico, and Europe. Of this remaining 2%, the majority of these Tier 1 Suppliers were located in Europe, and less than 1% on a cumulative basis were located within Taiwan, Mexico, Hong Kong or China. To the extent reasonably possible, Price collects country-of-origin information from its Tier 1 Suppliers. For the purposes of this report, the term “Tier 2 Suppliers” means sources of supply identified in country-of-origin certificates. Based on the country-of-origin certificates received for 2023, the origin of these Tier 2 Suppliers was also predominantly within Canada and the United States, with limited goods originating from Asia, Mexico, and Europe.

During 2023, APEL purchased raw materials from distributors located in North America. While the majority of these Tier 1 Suppliers sourced from manufacturing locations in North America, select Tier 1 Suppliers sourced from locations in Asia. In particular, while most of APEL’s suppliers have manufacturing locations in North America, APEL sourced a minority of its raw aluminum material from a Canadian distributor that sources from manufacturing locations in Asia. APEL’s supply network is, in general, built upon legacy vendors that have a strong presence in the North American marketplace.

Supply Chain Overview: Areas with and without Risk

Price’s supply chain is characterized by relatively low risk mainly due to its primary sourcing from North American suppliers, supplemented by a small number of suppliers in Europe and Asia. Prospective suppliers are required to complete a supplier qualification or approval process, the intent of which is to ensure suppliers meet Price’s standards and requirements relating to quality, reliability, ethical practices and compliance with relevant laws and regulations. The direct overseas suppliers, comprising approximately 2% of the supply chain network, undergo vetting with established risk-mitigation strategies. Restricted party screening also assists in ensuring the legitimacy of partners’ businesses and locations. The limited number of Asian market suppliers are sourced from low-risk districts within the region. Supplier districts are confirmed through a risk assessment and/or certificate-of-origin records on file.

APEL’s direct supply chain is also characterized by relatively low risk due to a small set of core suppliers that are predominantly located in North America. The nature of APEL’s business requires a low variety of input products, allowing for strong vendor relationships. In 2023, all of APEL’s Tier 1 Suppliers or distributors of raw materials were located in either Canada or the United States. Materials sourced by Tier 1 Suppliers originate from various global markets.

Policies and Due Diligence Processes

Price is committed to conducting its business in a manner that upholds high ethical standards and promotes sustainability throughout its supply chain. Price has a dedicated supply chain team as well as a corporate compliance team, which collectively comprise experts in logistics, purchasing, distribution and compliance, and which embody Price's commitment to responsible business conduct. These teams collaborate to vet, screen and map suppliers; manage origin databases; and develop and implement policies to promote international trade compliance throughout the organization. These teams also oversee import and export operations to ensure compliance with international trade laws and standards. Suppliers and partners undergo vetting, including through restricted party screening software to identify their presence on restricted government lists. These teams report directly to senior management and disseminate key messages and training on a regular basis. They also engage with internal and external stakeholders on a recurrent basis to facilitate the mitigation of identified risks. Additionally, these teams have collaborated to conduct a risk assessment to detect and evaluate forced labour risks and are committed to working closely with buyers and vendors to mitigate identified risks and address any detected issues.

Ceasing, Preventing or Mitigating Adverse Impacts

As part of its dedication to responsible business practices, Price has established a Supplier Code of Conduct. Suppliers shall maintain documentation necessary to demonstrate conformance with this code and with applicable laws and regulations. Price reserves the right to assess and review, on a periodic basis, suppliers' conformance with this code. Such right includes Price's right to request supplier-completed questionnaires, request relevant documentation and perform on-site inspections of a supplier's facilities. In the case of observed noncompliance with this code, the supplier will take all reasonable measures to meet the standards set forth in this code in a diligent and timely manner. Price has also updated its Standard Terms and Conditions of Purchase to include anti-forced-labour and/or anti-child-labour contractual clauses.

APEL is committed to meeting the requirements of customers, shareholders, employees and other stakeholders and to upholding high ethical standards and promoting sustainability throughout its supply chain. APEL is in the process of developing a code of conduct and/or policies to formalize many of the processes and practices already in place. This policy development also seeks to expand the standardization of compliance practices, including supplier reviews and training. APEL's supplier relationships and contacts are currently overseen by the President of the company, and any issues that arise are addressed at the highest organizational level. This level of oversight ensures any noncompliance within the supply chain may be promptly addressed by the APEL executive team.

Tracking Implementation and Results

Price has established metrics to gauge the effectiveness of its policies and due diligence processes. These metrics encompass various indicators, such as the number of supplier risk assessments completed, the number of identified incidents and corrective actions taken. The compliance team reports directly to the legal department, enabling the team to update policies and processes as necessary in response to changes in existing legislation or the emergence of new legislation. Price has implemented a system for regular monitoring and reporting, involving recurring database collection, a supplier self-assessment questionnaire and periodic audits, to ensure compliance and identify areas for improvement. Price continually engages stakeholders, including employees, suppliers and external partners, to gather feedback and insights on policy effectiveness while raising awareness.

APEL is in the process of implementing a system for regular monitoring and reporting on forced labour, involving a supplier self-assessment questionnaire and periodic supplier audits, to ensure compliance and identify areas for improvement. APEL involves stakeholders, including employees, suppliers and external partners, in gathering feedback and insights on policy effectiveness, all the while increasing awareness.

Communicating How Impacts Are Addressed

Price maintains detailed documentation of all compliance activities related to policy implementation, including records of training sessions, the outcome of supplier risk assessments and audits/assessments. Utilizing data and insights gathered through monitoring and reporting, Price identifies areas for improvement to proactively enhance its procedures. The supply chain team reports to senior management and business leaders on at least a quarterly basis, facilitating a culture of transparency and accountability within the organization and communicating how any impacts have been addressed.

APEL is in the process of developing a communication structure on how to address impacts in relation to forced and child labour.

Providing for or Cooperating in Remediation

Neither Price nor APEL has identified any forced labour or child labour in its activities and supply chains. We strive to maintain open and transparent communication channels with stakeholders, including suppliers, employees and relevant external partners. We encourage stakeholders to report any issues or concerns related to forced labour or child labour promptly, either directly or indirectly. For Price, such reports may also be received via its anonymous reporting line.

Forced Labour and Child Labour Risks

We continue to evolve and have implemented a comprehensive approach to assess the potential impact of our activities and supply chains on the actual or potential risk of forced labour or child labour. We have conducted assessments of our supply chains, examining the stages from material sourcing to final production in Canada, to identify any areas of concern where such risks may exist. We have actively engaged with our suppliers to ensure their adherence to ethical labour practices and to promote transparency throughout our supply chain. While we acknowledge that the risk may heighten as we delve deeper into the lower tiers of our supply chain, we remain committed to the implementation of risk-mitigation protocols to address any identified concerns.

Furthermore, Price has vetted all its suppliers against government restricted party screening lists, a process Price continues to uphold periodically. Price's efforts additionally include the implementation of a Supplier Code of Conduct, updated Terms and Conditions for purchase orders, the distribution of risk-assessment questionnaires to each direct supplier, and the collection, maintenance and review of origin certificates.

APEL is in the process of implementing a system for regular monitoring and reporting on forced labour, involving a supplier self-assessment questionnaire. This questionnaire was developed in 2023 and was shared with suppliers in early 2024.

Remediation Measures

Neither Price nor APEL has identified any forced labour or child labour in its activities or supply chain. As such, no measures were necessary during 2023 to remediate any forced labour or child labour.

The Supplier Code of Conduct at Price mandates that suppliers must maintain documentation proving compliance with this code and relevant laws and regulations. Price reserves the right to periodically assess and review suppliers' adherence to this code. This includes the ability to request completed questionnaires from suppliers, obtain relevant documentation and conduct on-site inspections of supplier facilities. In instances of observed noncompliance with this code, suppliers are expected to diligently take all reasonable measures to meet the standards outlined in this code.

Remediation of Loss of Income

We have not identified any forced labour or child labour in our activities and supply chains. As such, no measures were necessary during 2023 to remediate the loss of income to families or individuals. If any violation is reported or found during our assessments, a tailored remediation plan will be determined and developed. These plans will encompass corrective actions to prevent recurrence. These actions may include improving oversight mechanisms and on-site audits, enhancing our supplier-monitoring process via third parties, amending contractual agreements and/or other measures as appropriate.

Training for Employees

During 2023, training at Price on forced labour and child labour was mandatory for key members of the supply chain and corporate compliance teams and was available for other employees. APEL participated in awareness training during 2023, with formal training planned for 2024. The training conducted during 2023 was to targeted employees, and additional awareness training is planned for both Price and APEL during 2024.

Price's 2023 forced labour and child labour training relied upon both internal and external resources. Legal experts presented to employees to raise awareness of the global issues around labour practices and to educate on the requirements of the Act. Other training, hosted by various compliance organizations, was attended by members of the corporate compliance team. Information learned was shared among the corporate compliance, legal, supply chain and logistics teams to collaborate on the development of internal policies and procedures.

Price and APEL are both committed to the continuation of education and awareness on the topic of forced and child labour in global supply chains.

Assessing Effectiveness

How We Assess Our Effectiveness in Ensuring Forced and Child Labour Are Not Used in Our Business and Supply Chains

Price assesses its effectiveness in ensuring that forced labour and child labour are not being used in its business and supply chains through several methods, including the following:

- Periodic risk assessments and audits;
- In-person supplier visits;
- Targeted supply chain mapping exercises;
- Monitoring and reporting mechanisms available to internal and external stakeholders;
- Supplier engagement and collaboration (quarterly business reviews); and
- Documentation and recordkeeping (database management).

APEL is in the process of developing assessment processes.

Policies and Procedures for Tracking Effectiveness

Employing our overreaching trade compliance policies and adhering to Code of Conduct practices, along with having a dedicated compliance team to measure and track effectiveness, assists in reducing and/or preventing the use of forced labour and child labour.

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 the report for the entity or entities listed above. 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 listed above.

Gerald V. Price

President, Anvil Investments Limited

Chairman and CEO, Price Industries Limited and APEL Extrusions Limited

May 15, 2024



I have the authority to bind Anvil Investments Limited,
Price Industries Limited and APEL Extrusions Limited