

2023 Forced and Child Labor Report

This Report is published pursuant to the Canadian “Fighting Against Forced Labor and Child Labor in Supply Chains Act” and sets out the steps that Fernco Inc (the “Company” or “Fernco”) has taken and is continuing to take to combat forced and child labor in our business and supply chains. The Report covers activities for the financial year ending December 31, 2023.

INTRODUCTION

We acknowledge our responsibility to combat forced and child labor and are committed to acting ethically and with integrity and transparency. We are working to put systems and controls in place to safeguard against any form of forced or child labor taking place within the business or our supply chain.

OUR BUSINESS

Fernco is committed to the manufacture and sale of high-quality plumbing products at our manufacturing facility located in the USA. Fernco is the parent company of Fernco Connectors Ltd (Fernco Connectors), a Canadian corporation operating in Canada as a wholesale reseller. Fernco Connectors is the importer of record for plumbing products manufactured by Fernco.

OUR SUPPLY CHAIN

Fernco procures a significant portion of goods and services from a small number of suppliers and choose to establish strategic, long-term, and transparent relationships and to engage with all suppliers in an ethical and socially responsible way. Our supply chains include the sourcing of raw materials, packaging supplies, machinery, and maintenance components. The key raw materials are polypropylene and steel.

Fernco Connectors procures a significant majority of their finished goods for resale from Fernco.

POLICIES AND DUE DILIGENCE PROCESSES

We have a goal to take an active role in ensuring that our suppliers respect human rights and prevent violations and take efforts to combat forced and child labor. Our Vice President of Supply Chain will be responsible for ensuring that our suppliers meet our expectations on all issues surrounding forced labor and child labor as outlined in our Supplier Code of Conduct, which is currently under draft, and which all suppliers will be required to adhere to.

We are committed to working with current and prospective suppliers to ensure a clear understanding and appreciation of the values and provisions of the Supplier Code of Conduct and ethical business practices. Prior to qualifying any new suppliers, a Supplier Qualification Questionnaire, currently under draft, will be required to be completed and returned in conjunction with a signed copy of the Supplier Code of Conduct, currently under draft. We have a pre-employment background check, including age verification, for candidates before hiring to prevent child labor in our own operations.

We plan to conduct supplier assessments and audits to ensure compliance with the Supplier Code of Conduct once implemented. We will support our suppliers’ efforts to meet the standards through dialogue and cooperation. Suppliers who do not meet the requirements in the Supplier Code of Conduct need to take the necessary corrective actions and show progress.

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If suppliers are unwilling or unable to carry out corrective actions, we reserve the right to terminate the business relationship and any agreements with suppliers immediately.

To formalize the commitments described above we will develop policies with subject matter experts and signed by group functional heads and approved at the president level. These policies include:

1. Supplier Code of Conduct

Our Supplier Code of Conduct helps ensure that all business partners, suppliers, and manufacturers meet our basic expectations of conducting business, including in relation to forced and child labor. We expect all suppliers to comply with the Code that forms part of all agreements between Fernco and suppliers. Suppliers must comply with all laws and regulations applicable to their own operations. Any unlawful or prohibited conduct, inclusive of forced labor or child labor, will not be condoned.

The Supplier Code of Conduct addresses issues of forced labor and child labor, setting forth the following requirements:

- Not to accept, use, or benefit from modern slavery of any kind, including forced labor and child labor;
- Not to employ individuals under the age of 18; and
- Respect human rights as defined in the Universal Declaration of Human Rights and International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at work.

2. Business Code of Conduct

Our Business Code of Conduct is intended to establish value-based guidelines for how we interact with stakeholders, internal and external to our operations. This policy includes guidelines on topics such as business ethics as well as considerations on Environmental, Health, and Safety (EHS).

3. Whistle Blower Policy

We have an established whistleblowing process, reporting various forms of misconduct, including concerns related to workplace harassment and safety. This reporting mechanism is accessible to all Fernco employees and allows for anonymous submissions and the treatment of complaints.

We focus on forming and maintaining transparent and collaborative relationships with suppliers. We have established an internal audit program to assess health, safety, and environmental progress for our operations. Our internal quality team conducts onsite audits to ensure that the facilities are up to standard from a safety perspective.

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FORCED LABOR AND CHILD LABOR RISKS

We intend to analyze forced and child labor risks in our supply chains in 2024 and beyond. See “Plans for 2024” for additional details.

REMEDIATION MEASURES

We have an established whistleblowing process that encompasses the reporting of various forms of misconduct, including concerns related to workplace harassment and safety. This reporting mechanism is accessible to all Fernco employees and allows for anonymous submissions to our Human Resources department, where an independent individual from that department will carry out an investigation. As per the Whistleblower Policy, all Fernco employees have the responsibility of ensuring their own behavior is appropriate and reporting any incidents they become aware of.

For any grievance raised, the Human Resources Manager will receive a copy of the investigation report of any complaints and provide a response to the filer of the complaint. In 2023 there were no complaints received related to forced labor or child labor.

REMEDIATION OF LOSS OF INCOME

In 2023, there were no complaints or reports received related to forced labor or child labor, therefore no remediation measures were established or enacted for loss of income to the most vulnerable families.

TRAINING

We provide annual and ongoing mandatory training to all employees on our policies. The training materials are developed internally. Labor rights and forced child labor are planned topics for training in 2024. See “Plans for 2024” for additional details.

ASSESSING EFFECTIVENESS

We are committed to corporate transparency and responsible supply chains. In 2023, supply chain assessments were not defined or performed. See “Plans for 2024” for additional details.

We recognize the importance of maintaining vigilance to identify and address any instances of forced and child labor throughout our business and supply chains.

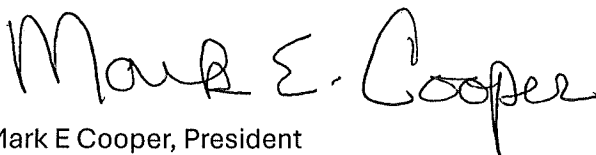
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Plans for 2024 and beyond

In 2024, we plan to undertake the following actions to further deepen and strengthen our work to combat forced and child labor in our business and supply chains:

Areas	Actions
Policies and due diligence processes	1-Implement a Supplier Code of Conduct 2-Implement a Supplier Qualification Questionnaire
Forced labor and child labor risks	Undertake an independent assessment of the risk of forced and child labor in our supply chains and to better understand the risks
Training	Develop and conduct annual training for all employees on: 1-Identifying and reporting forced and child labor, labor rights and ethics 2-Supplier Code of Conduct 3-Supplier Qualification Questionnaire 4-Reinforce whistleblowing policy and reporting
Assessing effectiveness	1-Determine a process for reviewing progress and effectiveness of our program. 2-Perform the progress and effectiveness analysis annually

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.



Mark E Cooper, President
May 31, 2024

I have the authority to bind Fernco Inc