



# FORCED LABOUR AND CHILD LABOUR REPORT 2024

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May 31<sup>st</sup>, 2025

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National Engineered Fasteners Inc.



A Gexpro Services Company

 **Gexpro**  
Services

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## About this Report

This report is in keeping with the commitments of National Engineered Fasteners Inc., Business No. 897774048 (“**NEF**”), to uphold ethical business practices pursuant to Canada’s *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “**Act**”). This report will set out actions NEF took in 2024 with its suppliers, workforce and external stakeholders to reduce and mitigate the risks of forced and child labour occurring within NEF’s supply chains.

For the purposes of the Act, the reporting covers from January 1<sup>st</sup> to December 31<sup>st</sup> of 2024. This report will be prepared and filed annually in accordance with the Act and chronical NEF’s journey, in partnership with its American parent company Gexpro Services (“**Gexpro**”), to developing and aligning with more comprehensive processes and policies in an effort to reduce and mitigate the risks of forced and child labour within NEF’s supply chains.

## Table of Contents

Our Structure, Activities and Supply Chains.....	3
Our Policies and Due Diligence Processes.....	3
Recognizing Forced Labour and Child Labour Risks.....	5
Remedial Measures.....	4
Training and Awareness.....	4
Assessing Effectiveness .....	6
Report Approval and Attestation.....	5



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## OUR STRUCTURE, ACTIVITIES AND SUPPLY CHAINS

NEF is the sole entity covered in this report. Gexpro Services is a world class global Supply Chain Solutions provider headquartered in Irving, Texas, USA that acquired NEF in 2021 and serves as a resource and instrument for success and innovation for NEF but is not represented in this report.

While NEF is headquartered in Breslau, Ontario, Canada, it has grown to become a global company with over 75 employees across locations in Canada and Mexico, with a diverse product and services portfolio related to the transportation and Aerospace and Defense sectors. NEF sources approximately 80% of its international goods and services directly and indirectly from Taiwan, 15% from the USA, and the remaining 5% from European countries, India and China.

NEF manages a global supply chain with 70% of its materials procured from outside of North America to support its automotive sales division. The balance of the material procured is sourced within North America with strict adherence to customer specifications and US DFARS regulations on defense procurement.

## OUR POLICIES AND DUE DILIGENCE PROCESSES

***Established Action Plan.*** In the 2024 calendar year NEF developed and implemented an action plan for addressing risks or instances of forced labour and/or child labour and took effective steps to implement such plan.

***Require Supplier Adherence to Code of Conduct.*** NEF adopted supplier policies and procedures Gexpro developed which include requiring suppliers to follow the Gexpro Ethics Guide and Code of Conduct for Suppliers, Contactors and Vendors. The Code of Conduct undertakes Gexpro and its affiliates, including NEF, will only do business with suppliers that comply with local and other applicable legal requirements and the company's guidelines relating to labour, the environment, health, and safety. The Code of Conduct outlines NEF's expectations regarding the workplace standards and business practices of its suppliers, their parent entities, subsidiaries, affiliates, subcontractors and others who are within the supply chain. Each supplier is responsible for ensuring that its employees, representatives, and subcontractors understand and comply with

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the Code. This Code of Conduct includes, but is not limited to, the following elements:

- Prohibits use or support of child labour in all forms;
- Prohibits use or support of forced or compulsory labour, including withholding salary, benefits, property or documents to force personnel to continue work;
- Requires provision of a safe and healthy workplace that prevents potential occupational accidents.
- Grievance mechanisms including a whistle-blower hotline for reporting.

Throughout 2024 NEF used the Gexpro Services Supplier Code of Conduct audit process with all current and future suppliers to ensure there is visibility and compliance in all supply chain activities.

***Include Warranty in Terms of Conditions of Purchase.*** In the 2024 calendar year NEF also added robust language to its own Terms of Conditions of Purchase for its suppliers requiring a warranty that they will comply with all forced labour laws and if untrue NEF can immediately terminate the order without further compensation to the supplier.

***Supplier Self Assessment Questionnaire and Warranty Statement.*** NEF also began using supplier self assessment questionnaires mirroring the Canadian government's checklist to screen risks of non-compliance with forced labour and/or child labour and has required suppliers to sign off on a statement indicating they do not employ child labour nor forced labour.

***On-Site Visits.*** NEF actively monitored its main suppliers of goods and services located in Taiwan with a continuation of its annual onsite visits to review production capacity, new product capabilities but also to walk around the production area to visually observe the workforce for compliance with the Code of Conduct and its representations on the Self Assessment Questionnaire and Warranty in the Terms and Conditions of Purchase.



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## **RECOGNIZING FORCED LABOUR AND CHILD LABOUR RISKS**

In 2024, NEF completed its review of current NEF mandates, policies, and procedures as they relate to forced labour and child labour risks and human rights issues. As a result of this, NEF has identified that there could be actual or potential risks of direct or indirect forced and child labour that could be mitigated by being consistent with practices and due diligence processes that address these risks. NEF recognizes that whilst no sectors or industries involved in the production or importation of goods are assumed to be entirely free of these risks, NEF is committed to taking steps in identifying and mitigating these risks.

## **REMEDIATION MEASURES**

In 2024, NEF did not identify any instance of forced labour or child labour in its supply chains and accordingly remedial measures were not applicable.

## **TRAINING AND AWARENESS**

In 2024 NEF required all its employees to complete the Gexpro University 2024 Ethics & Code of Conduct Training online course. The content of this course covered the contents and expectations contained in both the Gexpro Code of Conduct and the Ethics Guide.

In 2024 NEF also introduced additional training for all staff on risks regarding forced labour or child labour. This training included online modules on Whistleblowing, Reporting and Retaliation: Reporting Complaints and Whistleblowing, Reporting and Retaliation: Managing Complaints.

In 2024 NEF also increased leadership awareness of risks of forced and child labour amongst it and Gexpro's management and executive teams through discussions at management meetings to ensure leadership works to reduce the risk that forced labour or child labour is used at any step of the production of goods in Canada or elsewhere.

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## ASSESSING OUR EFFECTIVENESS

Through the Gexpro Services Supplier Code of Conduct audit process and monitoring through site visits NEF can assess its effectiveness with all current and future suppliers to ensure there is visibility and compliance in its supply chain activities. NEF will work to assess the effectiveness of its training courses and modules and modify the contents as it improves and grows

## REPORT APPROVAL AND ATTESTATION

In accordance with the requirements of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (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.

**I have the authority to bind National Engineered Fasteners Inc.**



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**Scott Davis**

**General Manager**

**Date: May 31, 2025**