



Joint Annual Report under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (Canada)

March 4, 2024

TABLE OF CONTENTS

INTRODUCTION	1
IMPORTANT DEFINITIONS	1
REPORTING ENTITIES	1
CORPORATE STRUCTURE, BUSINESS ACTIVITIES AND SUPPLY CHAINS	2
STRUCTURE	2
BUSINESS ACTIVITIES	3
IP AND ERS	3
HEAVY EQUIPMENT	3
SUPPLY CHAINS	3
POLICIES AND PROCESSES	4
ETHICAL BUSINESS PRACTICES AND ESG	4
DUE DILIGENCE	4
AREAS OF RISK	5
STEPS TAKEN DURING REPORTING PERIOD TO PREVENT AND REDUCE RISK	5
REMEDATION MEASURES	5
TRAINING PROVIDED TO EMPLOYEES	6
ASSESSING EFFECTIVENESS	6
ATTESTATION	6

INTRODUCTION

In May 2023, Canada enacted its first modern slavery legislation: *An Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff* (the “**Act**” or the “**Canadian Modern Slavery Act**”). Under the Act, certain companies, including Wajax Corporation, are required to produce and file an annual report with the Minister of Public Safety and Emergency Preparedness of Canada. The report must, among other things, describe the modern slavery risks within the organization, as well as the risk mitigation measures implemented to address them. Completed reports must be approved by a company’s board of directors, and must be made available to the public, including by publishing them on their websites.

Companies incorporated under the *Canada Business Corporations Act*, such as Wajax Corporation, are also required to deliver their reports to shareholders along with their annual financial statements.

IMPORTANT DEFINITIONS

Under the Act, “child labour” and “forced labour” have the following definitions:

child labour means labour or services provided or offered to be provided by persons under the age of 18 years and that: (a) are provided or offered to be provided in Canada under circumstances that are contrary to the laws applicable in Canada; (b) are provided or offered to be provided under circumstances that are mentally, physically, socially or morally dangerous to them; (c) interfere with their schooling by depriving them of the opportunity to attend school, obliging them to leave school prematurely or requiring them to attempt to combine school attendance with excessively long and heavy work; or (d) constitute the worst forms of child labour as defined in article 3 of the Worst Forms of Child Labour Convention, 1999, adopted at Geneva on June 17, 1999; and

forced labour means labour or service provided or offered to be provided by a person under circumstances that: (a) could reasonably be expected to cause the person to believe their safety or the safety of a person known to them would be threatened if they failed to provide or offer to provide the labour or service; or (b) constitute forced or compulsory labour as defined in article 2 of the Forced Labour Convention, 1930, adopted in Geneva on June 28, 1930.

REPORTING ENTITIES

This joint report is prepared by Wajax Corporation, on its own behalf (“**Wajax**” or the “**Corporation**”), and on behalf of the following entities (together with Wajax, the “**Reporting Entities**”) for the period from January 1, 2023 to December 31, 2023 (the “**reporting period**”):

- Wajax Limited;
- Tundra Process Solutions Ltd. (“**Tundra**”);
- Groupe Delom Inc.;
- Delom Services Inc. (“**Delom Services**”); and
- Northpoint Technical Services ULC (“**Northpoint**”).

Information regarding the corporate structure of the Reporting Entities and their affiliates and related companies is set out below. In this joint report, “**we**”, “**us**” and “**our**” refer to the Reporting Entities.

This is Wajax Corporation’s first annual report under the recently enacted Canadian Modern Slavery Act.

You are receiving this report because you owned common shares of Wajax Corporation as at the close of business on March 22, 2024, the record date for our annual meeting of shareholders to be held on May 2, 2024.

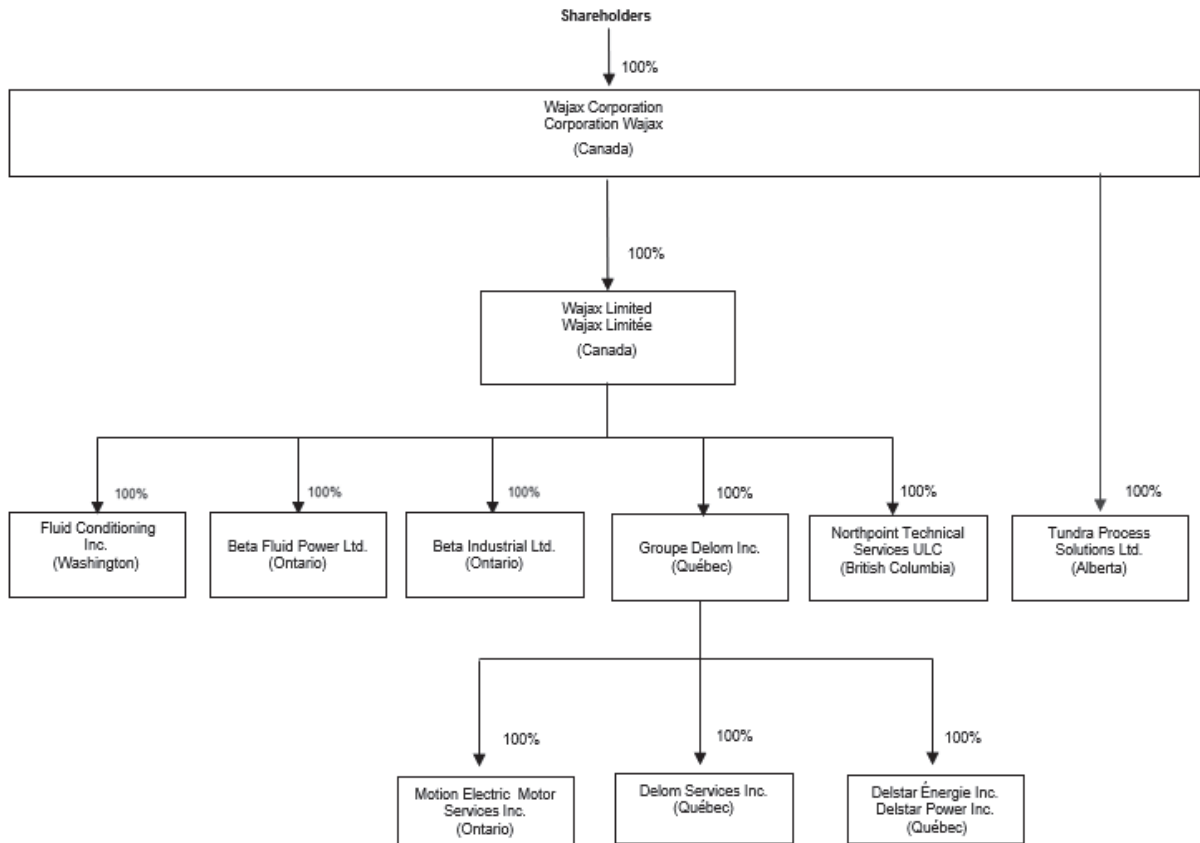
CORPORATE STRUCTURE, BUSINESS ACTIVITIES AND SUPPLY CHAINS

Structure

Founded in 1858, Wajax is one of Canada’s longest-standing and most diversified providers of industrial products and services. The Corporation, through its operating entities, operates an integrated distribution system, selling equipment, parts and services to a broad range of customers in diverse sectors of the Canadian economy, including construction, forestry, mining, industrial and commercial, oil sands, transportation, metal processing, government and utilities and oil and gas. The common shares of Wajax are traded on the Toronto Stock Exchange under the symbol “WJX”.

Wajax operates through a network of branch locations. As of December 31, 2023, Wajax maintained 119 branches across Canada, and employed over 3,200 people.

The following chart sets out information regarding Wajax’s corporate structure as of December 31, 2023, including English and French names (if applicable), jurisdiction of incorporation, and the percentage of voting securities held by the Corporation.¹



¹ Fluid Conditioning Inc., Beta Fluid Power Ltd., Beta Industrial Ltd., Motion Electric Motor Services Inc., and Delstar Énergie Inc. do not meet the definition of “entity” under the Act and are therefore not included as Reporting Entities.

Business Activities

As noted above, we are a diversified provider of industrial products and services. These products and services may be grouped under two major classifications: (1) industrial parts and engineered repair services (“**ERS**”, and together with industrial parts, “**IP and ERS**”), and (2) heavy equipment.

IP and ERS

Working closely with major vendors, we offer our customers expert service and support across a full range of industrial parts, including bearings and power transmission, and process and fluid power. Our ERS capabilities include shop and field services, commissioning, design, repairs and rebuilds, reliability and installation services. We also provide asset management, condition monitoring, predictive maintenance, and technical services.

Our rotating products group, composed primarily of Delom Services and Northpoint, provides an extensive range of services and expertise in the maintenance, fabrication and distribution of electric motors, generators and rotating electromechanical components. We also repair and fabricate rotor poles, connection bars and other electrical components for the hydro, tidal and wind power generation industries.

Tundra distributes a diverse range of industrial process equipment, including valves and actuators, instrumentation and controls, motors and drives, control buildings, boilers and water treatment solutions. Tundra also provides maintenance and technical services to customers in Western Canada.

Heavy Equipment

Wajax sells, services, leases and rents equipment from industry-leading original equipment manufacturers (“**OEMs**”). Our major equipment categories include construction and forestry, mining, material handling, crane and utility and power systems.

Supply Chains

In each of our IP and ERS, and heavy equipment categories, we seek to distribute leading product lines and endeavour to align with manufacturers in long-term relationships. In heavy equipment and certain industrial parts categories, manufacturer relationships are often governed through distribution agreements, which can be exclusive, or effectively exclusive, and be for multi-year terms. These agreements typically allow us to sell and service the products sold thereunder. Where a distribution agreement is not in place, we may purchase parts and/or inventory via a purchase order.

Our supply chains reflect our product and service offerings. Many of the brands that we carry are listed on our website at <https://www.wajax.com/brands/>.

Our IP and ERS categories source a wide range of parts from vendors based in Canada and abroad. We typically stock inventory at our industrial parts branch locations across Canada, including our distribution centres, to meet customer demand and to ensure fast and reliable service. For commonly used and/or high-volume parts, we maintain catalogues listing SKUs of inventoried products. Other parts are custom-ordered, and these may be shipped directly to our customer, or may first travel to a Wajax branch before being shipped to, or picked up, by our customer.

Our heavy equipment categories source equipment from OEMs based in Canada and abroad. We typically stock inventory at our equipment branch locations across Canada, and sometimes use third-party warehousing locations. Less frequently, equipment is custom-ordered and shipped directly to a customer site, where our teams assemble and/or commission the equipment.

Given the highly broad and diverse range of parts and equipment we supply, supply chains vary greatly. Some parts and equipment are, or include components that may be, manufactured and assembled in multiple regions before the finished product is packaged, sold and delivered to us for distribution in Canada. In some cases, we have visibility over the source country or region of a product, while in other cases we do not. Where a product has undergone manufacturing, processing and/or assembly in multiple countries or regions, we may only have visibility over the country or region of final assembly or finishing.

POLICIES AND PROCESSES

Ethical Business Practices and ESG

Wajax is a publicly traded company with robust corporate governance practices. With respect to ethical business practices, we have had in place since at least 2005, a Code of Business Conduct (the “**Business Code**”) setting out the norms of behaviour expected from our employees, officers and directors. Among other things, the Business Code includes important guiding principles regarding dignity, respect, and fairness in the workplace. The Business Code also affirms as one of our goals the protection the environment and promotion of the health and safety of our employees, stipulating that this is a responsibility of management and employees in all functions.

Our employees, officers and directors are required to certify annually that they have read and understood the Business Code, have personally complied with the Business Code during the most recent fiscal year, and have no knowledge of any violations of the Business Code. Every person subject to the Business Code is obligated to report violations of the Business Code, either directly to management or via our anonymous reporting system. We maintain an ethics hotline, dedicated e-mail account and post office box where concerns may be reported anonymously. All reports are investigated and communicated to the Audit Committee of the Board of Directors. Any reprisal, retaliation or disciplinary action for good faith reporting is strictly prohibited.

Wajax has made important environmental, social and governance (“**ESG**”) commitments to reflect our corporate commitment to sustainability, integrity and ethics. To support our progress in these areas, we formalized our sustainability reporting in early 2021 with the release of our Annual Report for the year ended December 31, 2020. In early 2022, we announced long-term sustainability targets and objectives. In 2022, we enshrined ESG oversight in our Board Mandate, as well as the charters of the Governance, Audit and Human Resources and Compensation committees of the board. The board and its committees oversee and monitor our approach, policies and practices related to ESG matters, which include policies proposed by management in respect of environmental, health and safety issues and reviewing regular management reports on the operation of our environmental and occupational health and safety management systems.

During the reporting period, we created several new procedures to enhance our commitment to maintaining high ethical standards in business, with particular focus on forced labour and child labour. These include the development of a Vendor Code of Conduct (the “**Vendor Code**”) which sets out the standards by which we expect our vendors to conduct their business, including a provision that we oppose the use of any form of forced labour or child labour in our supply chain, and that we will not purchase goods produced using forced labour or child labour. Vendors are expected to uphold our values regarding forced labour and child labour, and to take appropriate steps to reduce and prevent the use of any such forced labour and child labour in their supply chains. Our goal is to roll out the Vendor Code to our vendors during the first half of 2024.

We also created a Vendor Reference Manual which sets out various standards and obligations which we expect our vendors to meet and comply with while doing business with us. The Vendor Reference Manual makes specific reference to vendors’ compliance with the Vendor Code.

We added language to our precedent distribution agreement requiring that vendors not use any form of forced labour or child labour in their supply chains. We also added language to our standard terms and conditions of purchase advising that we will not accept products made using forced labour or child labour.

Due Diligence

We have adopted a risk-based approach to assessing the presence of forced labour or child labour in our supply chains. During the reporting period, we identified our ten largest industrial parts and equipment manufacturers, who accounted, during such period, for approximately 40% and 70%, respectively, of our purchases by dollar value. We provided these manufacturers with self-assessments, inquiring into the sources of their goods and services/labour which go into such goods, whether they had identified any risk of forced labour or child labour in their respective supply chains and, if so, what measures had been taken to address the risk, as well as whether they had prepared and submitted any modern slavery reports in other jurisdictions.

Wajax has embedded responsible business conduct into our core governance documents and management systems.

Additional information can be found on our website at www.wajax.com under Investor Relations and in our Annual Report for the year ended December 31, 2023.

We also conducted our own independent due diligence on our major vendors in the context of forced labour, child labour and modern slavery, utilizing publicly available tools and resources, including those published by the International Labour Organization (the “ILO”), the Organisation for Economic Co-operation and Development (OECD), the United Nations Children’s Fund (UNICEF), and World Vision to assist in identifying potential risks.

Areas of Risk

Wajax is a Canadian business that operates almost exclusively in Canada. In recent years, we have significantly increased our commitment to sustainability, recognizing this is critical to our role as a good corporate citizen. Employee health, safety and well-being is a core value of our business, one that we expect our business partners to uphold. We oppose the use of forced labour or child labour in our business or by our business partners in our supply chains.

As noted above, during the reporting period we conducted due diligence with and on certain major vendors in relation to forced labour and child labour. As part of this due diligence, we provided a self-assessment questionnaire to such vendors regarding the sources of their goods and services/labour which go into those goods, specifically inquiring about information regarding the country from which the goods originate or in which they are processed along the supply chain.

We continue to review and assess vendor responses as they are received in order to map the parts of our supply chains that may present a risk of forced labour or child labour. Based on our review of the vendor responses received to the date of this joint report, however, as well as our independent due diligence, we did not identify any significant risks in our supply chain related to forced labour or child labour.

We consider that in order to effectively identify the risk, if any, of forced labour and child labour in our supply chains, we must work collaboratively with our vendors. This means engaging our vendors in an ongoing dialogue about the risk of forced labour and child labour in our common supply chains, past tier one suppliers, and identifying strategies to avoid or eliminate these practices in those supply chains.

STEPS TAKEN DURING REPORTING PERIOD TO PREVENT AND REDUCE RISK

As noted above, we took several important steps during 2023 to prevent and reduce the risk that forced labour and child labour is used at any step in the production of goods in Canada by us or of goods imported into Canada by us. We created a Vendor Reference Manual and the Vendor Code, which set out various standards and obligations which we expect our vendors to meet, including regarding the use of any forced labour or child labour in their business or supply chains. We also added language to our precedent distribution agreement requiring that vendors not use any form of forced labour or child labour in their supply chains. Similar language was added to our standard terms and conditions of purchase.

We initiated due diligence on certain of our major vendors by providing them with a self-assessment inquiring regarding the source of their goods and services which go into those goods, as well as the use of any forced labour or child labour in their supply chains. We also conducted our own independent due diligence on our major vendors in the context of forced labour and child labour.

We also increased employee awareness around forced labour and child labour through the implementation of training for employees who are involved in supply chain and procurement activities. This is discussed further below.

REMEDATION MEASURES

As we did not uncover any instances of forced labour or child labour in our supply chains during the reporting period, we did not undertake any remediation measures.

TRAINING PROVIDED TO EMPLOYEES

During the reporting period, we implemented training regarding forced labour and child labour for employees who are involved in supply chain and procurement activities.

As part of the training, employees were required to review materials to raise their awareness about: the Act; Wajax's approach to compliance with the Act; the global prevalence of forced labour; strategies to manage the risk of forced labour and child labour in business and supply chains; and steps employees can take to assist Wajax in complying with the Act. In addition, employees were required to attend an ILO webinar addressing common indicators of forced labour.

Once employees completed the training, they were asked to sign a statement, setting out Wajax's commitment to upholding high ethical standards in the conduct of our business, specifying norms of behaviour expected of employees involved in supply chain and procurement activities, affirming that Wajax does not condone any forms of forced labour or child labour in supply chains, and obtaining employees' affirmation that they will help Wajax uphold our values and commitments regarding same including by reporting any forms of forced labour or child labour that they detect in our supply chains.

ASSESSING EFFECTIVENESS

As noted, during 2023, we built on our strong commitment to high ethical standards by introducing several measures aimed at preventing and reducing the risk that forced labour or child labour is used in our activities and our supply chains. While we have not yet taken active steps to assess the effectiveness of these measures, going forward we will consider suitable processes to assess their effectiveness, and the effectiveness of any other similar measures introduced by us, in preventing and reducing the risk that forced labour or child labour is used in our activities and our supply chains. Such processes may include leveraging existing processes, such as internal and external audits, and policy reviews, among others.

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 this joint report for the Reporting 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 ended December 31, 2023. This report has been approved by the Board of Directors of Wajax Corporation pursuant to section 11(4)(b)(ii) of the Act.

Dated at Mississauga, Ontario as of the 4th day of March, 2024.

(signed) "*Ignacy Domagalski*"

Ignacy P. Domagalski
President and CEO, and a director,
Wajax Corporation

I have authority to bind Wajax Corporation.