

# COMBATING FORCED LABOR AND CHILD LABOR IN SUPPLY CHAINS

**Annual Report 2024**



**fives**

Industry can do it

## Structure and Activities



**Risk Prevention  
and Reduction**



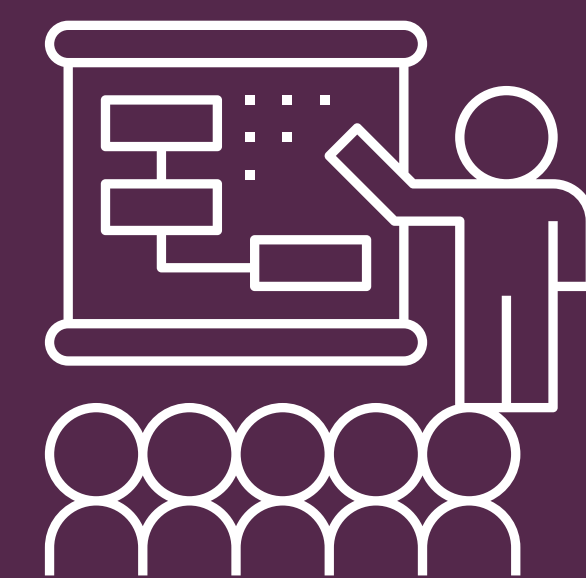
**Policies and Due  
Diligence**



**Supply Chain and  
Risk Management**



**Remediation**



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# Structure and Activities

## **Aim for the Future. Maintain Balance. Preserve the Present.**

This report focuses on Fives Liné Machines Inc., a corporation under the Canada Business Corporations Act, located at 1000 André Liné Street, Granby, Quebec, J2J 1E2, Canada, for the period from January 1, 2024, to December 31, 2024.

This report outlines the measures implemented and those in development by our company to mitigate risks related to modern slavery, including forced labor and child labor, in its operations and supply chains, in accordance with the Canadian Act to Combat Forced and Child Labor in Supply Chains.

Fives Liné Machines Inc. has engaged a third party, Groupe Conseil C-TPAT Inc (GCC), specializing in supply chain risk assessment and logistics, to support us in analyzing and improving our processes to minimize the risks of forced and child labor in our supply chains.

## **Our Company**

Fives Liné Machines is a Quebec-based company established in Granby, Quebec since 1977. Specializing in the design and manufacturing of large machine tools, robotic solutions, automated fastening devices, and a wide range of accessories, Fives Liné Machines offers efficient custom solutions and improved material removal processes.

The team handles all stages of the product manufacturing cycle and offers subcontracting in welding, machining, mechanical and electrical assembly, as well as custom modernization projects.

Since 2016, Fives Liné Machines has developed robotic offerings to complement its machine tool solutions. The goal is to maximize customer equipment efficiency by increasing part reliability and automating manual processes. Everything is tailored to the client's needs.

Fives Liné Machines Inc. employs over 140 people at its Granby plant, an entity controlled by the parent company FIVES MACHINING, headquartered in France, which specializes in all operations aimed at the manufacturing and rebuilding of machine tools, machining centers, additive manufacturing machines, and tooling, as well as the execution of all installations and works, and continuous professional training related to the mentioned equipment, and the production of machined parts.

FIVES MACHINING has 100 locations in 25 countries. The companies controlled by Fives Machining must meet the high standards of the parent company but independently manage their supply chains.



# PREVENTION AND RISK REDUCTION MEASURES



By joining the United Nations Global Compact in April 2011, Fives committed to implementing, promoting, and supporting the ten principles related to Human Rights, international labor standards, environmental sustainability, and anti-corruption efforts in its activities.

Furthermore, the Fives Purchasing Department has undertaken to extend the Group's CSR commitments. It aims to establish relationships with its suppliers and subcontractors, and those likely to become such, that are built on trust and mutual respect, sharing fair and equitable practices, and fostering sustainable and balanced relationships.

Fives Liné Machines implemented governance measures during the reference period to prevent and mitigate risks in its activities and supply chains.

Fives Liné Machines conducted an external evaluation with the assistance of GCC and developed an action plan and implemented new mitigation measures to enhance our practices for preventing and reducing the risks of modern slavery in our operations and supply chains, such as:



Establishing a steering committee tasked with assessing the effectiveness of governance structures, policies, and procedures to counter risks and determine the impacts of forced labor or child labor.



Conducting an external evaluation of the risks of forced labor and child labor in its supply chains.



The CSR charter for suppliers and subcontractors must be signed by all our major suppliers to ensure they commit to implementing the principles outlined within it.

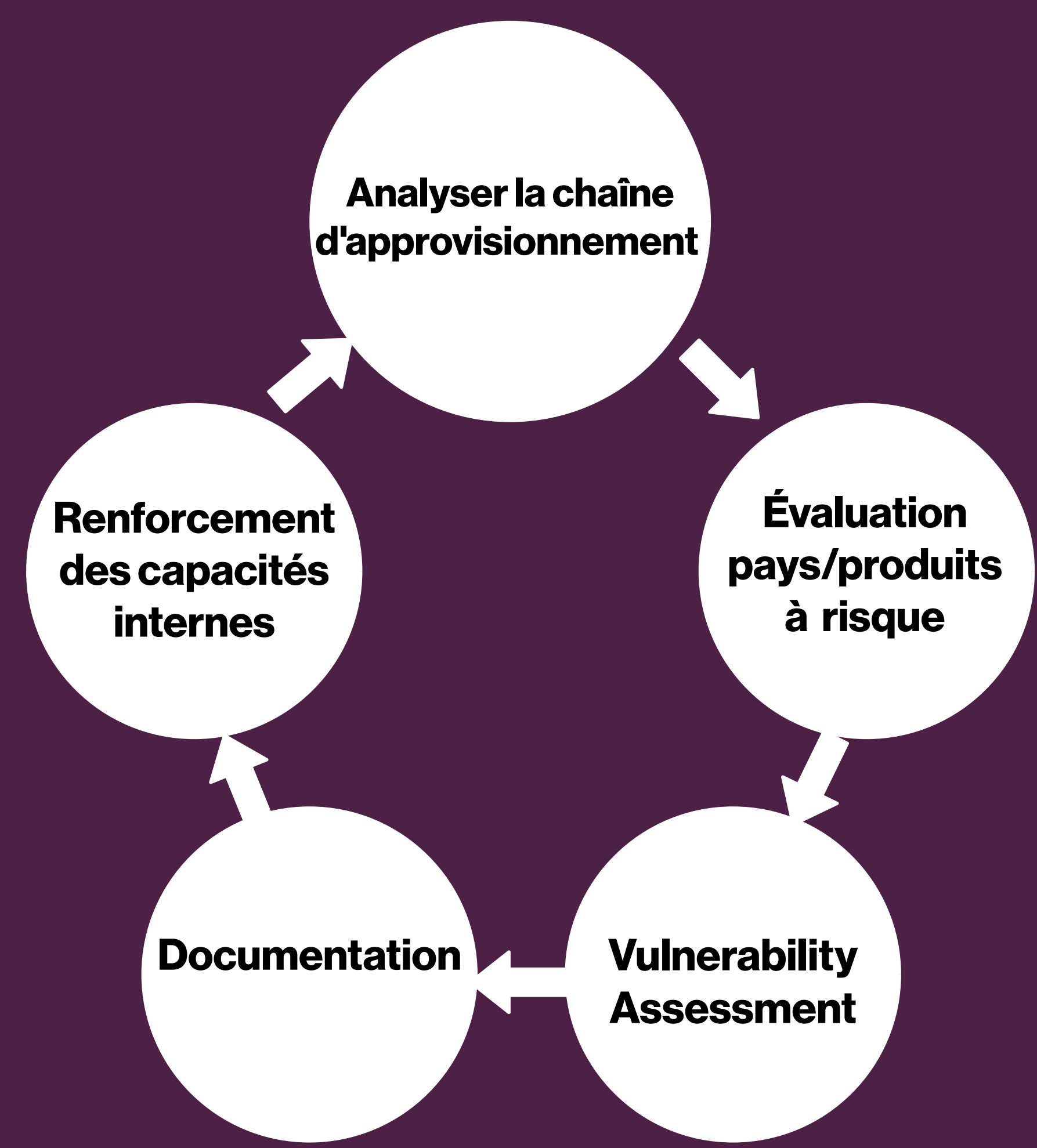


Carrying out a risk analysis within our supply chain to prioritize areas that may present higher risks of forced labor or child labor, focusing our due diligence efforts there.

# SUPPLY CHAIN AND RISK MANAGEMENT

## Methodology

Our five-step risk analysis is based on the proven CTPAT program method, tailored to assess the risks of forced labor and child labor in activities and supply chains.



## Our Supply Chain

We conduct a thorough examination of our direct international purchases, starting with the analysis of customs entry samples in Canada and countries of origin. This analysis is complemented by an evaluation of our key first-tier suppliers, both local and international, involved in our supply chains.

From this foundation, we develop strategic recommendations and implement targeted action plans to eliminate forced labor and child labor in all our operations and supply chains. Our aim is to ensure ethical and legal compliance across all our business activities, thereby strengthening our commitment to rigorous corporate social responsibility.

**When Fives Liné Machines is the official importer, it sources the majority of its goods and raw materials from North American suppliers, totaling 85%, 14% from Europe, and less than 1% from the Asia-Pacific.**







## Analysis Summary

Our assessment shows that the direct inputs for our supply chain in manufacturing our products largely come from North America and Europe, which are deemed low-risk areas with no identified forms of modern slavery in this part of our supply chain.

Fives Liné Machines strives to pinpoint new risks by analyzing the countries of origin of Tier2 suppliers. We recognize that our analysis needs improvement to continuously focus on risks and remain vigilant in our verification process.



## Supplier Evaluation 2024-2025

We have sent self-assessment questionnaires on modern slavery to our key first-tier suppliers and evaluated them to better identify risks in our supply chain.

We will continue to assess more of our suppliers every year, based on this evaluation.



## Temporary Foreign Workers

Fives Liné Machines hires temporary foreign workers under closed work permits, supported by an immigration law firm in Canada.

Our company is committed to upholding human rights that protect all workers, including temporary foreign workers who have the same rights and protections as Canadians and permanent residents.

# Policies and Due Diligence

## FIVES PURSUES A PROACTIVE SOCIAL RESPONSIBILITY POLICY.

Fives Liné Machines has zero tolerance for modern slavery in its operations and supply chains.

The Fives Group reports on its CSR commitments and adheres to the ten principles of the United Nations Global Compact. Each year, it reports on its action plan and progress regarding human rights principles and international labor standards.

Our Business Ethics Charter is in line with the Charter of the United Nations Global Compact, to which we adhere. It specifies the rules of conduct, principles of action, and ethical obligations that each employee must observe in all circumstances in the daily conduct of their activities.

## CSR Charter - Suppliers and subcontractors



Our CSR Charter applies to all suppliers and subcontractors of Fives and its subsidiaries. By adhering to this Charter, they undertake to implement all the principles set out in it. Our charter includes the fight against corruption, conflicts of interest, compliance with international trade rules, health and safety protection, and environmental protection.

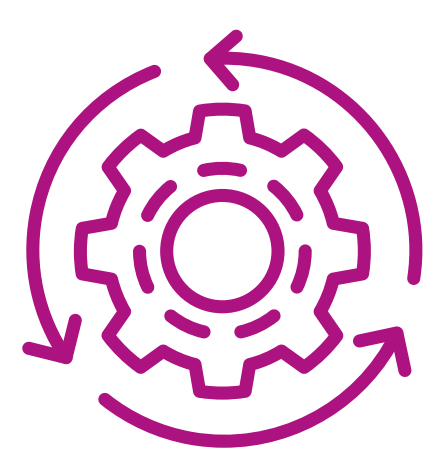
Regarding compliance with labor standards, suppliers and subcontractors must comply with the fundamental conventions of the International Labor Organization (ILO) and the United Nations, as well as any regulations applicable to their activities in the area where they operate.

Fives Liné Machines is committed to minimizing and preventing the use of forced labor and child labor. We will conduct proactive due diligence assessments across our operations and supply chains.

Forced/ Compulsory Labor	<p>Fives prohibits forced or compulsory labor in any form: servitude, trafficking, slavery, or the detention of migrants or illegal workers.</p> <p>The work must be performed voluntarily, in exchange for legal compensation, and not subject to threats or actual criminal sanctions or prosecution, violence, detention, withholding of identity documents, or confiscation of legal rights or privileges.</p>
Child Labor	<p>Fives prohibits the employment of children under the legal working age throughout the value creation chain, regardless of the country where the services are provided.</p>
Illegal Work	<p>The supplier or subcontractor undertakes not to use illegal labor as defined by the rules of the countries in which it operates.</p>
Working Hours	<p>The supplier or subcontractor complies with local legislation regarding working hours, including overtime.</p>
Salary Levels	<p>The supplier or subcontractor must ensure that the compensation it pays its employees complies with all applicable wage laws.</p> <p>Where laws and regulations do not set a minimum wage, the supplier or subcontractor must pay its employees the prevailing market wage for the position held.</p>



# Effectiveness Evaluation



Each year, the Fives Group also has its CSR performance assessed by an external third party, EcoVadis. In 2022, the Group was awarded Gold Supplier status and once again ranks among the top suppliers in its category. In terms of Social & Human Rights and Responsible Purchasing, Fives is among the top 6% of companies assessed by EcoVadis in the General-Purpose Machinery Manufacturing sector.

In addition to the assessments carried out by the Five Group and EcoVadis, which allow for the effectiveness of efficiency measures on a global scale, Fives Liné Machines will implement an internal continuous improvement process that will assess the effectiveness of local initiatives against modern slavery and thus prevent the risks of forced labor and child labor across all of our activities and supply chains.

# Remediation



To date, we have not identified any forced or child labor in our operations or supply chains, which, in turn, has allowed us to determine no loss of income for vulnerable families. We remain vigilant and will further analyze certain more at-risk portions of our direct international supply chain.

# Professional alert system

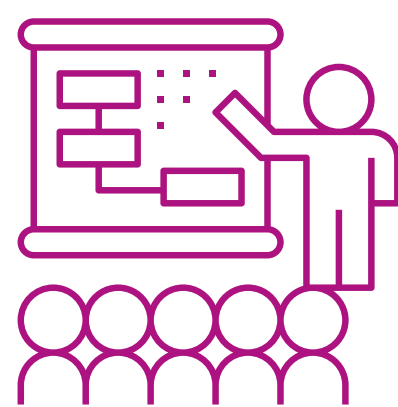


The Fives Group has implemented an internal whistleblowing system, which allows all Group employees to report misconduct (fraud or corruption, conflict of interest, safety, discrimination, harassment, environmental damage, etc.). This system guarantees the protection of whistleblowers throughout the processing of their report.

## External Whistleblowers

When a supplier or subcontractor observes a violation of the rules mentioned in our CSR Charter – Suppliers and Subcontractors), they must immediately report it using a dedicated email address. We guarantee strict confidentiality of the identity of whistleblowers and protect them from possible reprisals or sanctions.

# Training



The Fives Group focuses on raising employee awareness through its e-learning and in-person training programs, particularly in areas such as anti-corruption, business ethics, whistleblowing, export and dual-use goods controls, anti-discrimination, compliance with competition law, and, more generally, compliance with the Group's Code of Conduct.

In 2024, the Purchasing Department staff received training to raise awareness about respecting and protecting human rights, thus contributing to the global effort to eradicate all forms of modern slavery.

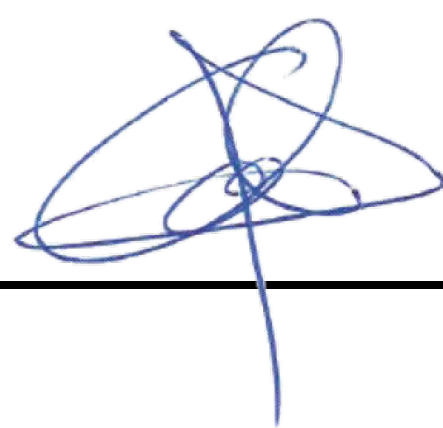


## APPROVAL AND CERTIFICATION

In accordance with the requirements of the Law, particularly Article 11, I certify that I have reviewed the information contained in the report for Fives Liné Machine Inc. listed above.

To the best of my knowledge, and after exercising reasonable diligence, I confirm that the information in the report is true, accurate, and complete in all material respects for the purposes of applying the Law, for the stated reporting year.

I have the authority to bind Fives Liné Machine Inc.



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Pasquale Calo  
Chief Executive Officer  
May 23, 2025

