

DUE DILIGENCE REPORT

As required by the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, S.C. 2023, c. 9 (the **Act**), s. 11(1).

Executive summary and noteworthy points

This Due Diligence Report is required by the Act but in more selfish organizational terms reports on work being done to “embed responsible business conduct into the policies and management systems” of each of the businesses reported upon, and to “identify and assess actual and potential adverse impacts” associated with the operations, products, or services of each such business.¹ This foundational work for any business which reflects “the importance of establishing a common understanding on due diligence, in particular for small and medium-sized enterprises”². For the 2024 year, each of the related businesses reported upon has engaged in its own enterprise-specific due diligence journey. We have avoided the trap of standardizing work under the Act too soon, preferring instead to learn from the diverse experiences of the different businesses, managers, and participating employees who have been engaged in this important work.

Any due diligence approach inherently prevents and reduces—at least to some extent—the “risk that forced labour or child labour is used at any step of the production of goods in Canada or elsewhere by the entity or of goods imported into Canada by the entity”, as required by and within the meaning of section 11(1) of the Act. This is true because any due diligence activity *communicates values and interests* as between purchaser and supplier and also can *draw attention to known topics or uncertainties*—thus in the latter case at least potentially inviting further warranted scrutiny of the supply chain at some particular point along its length. That being said, however, it has already become very clear during just the first two years’ experience under the Act that too much due diligence related to supply chains displays a mostly passive character: policies are implemented, questionnaires are written, annual communications occur, verifications are provided, and then people move along. But active and truly meaningful due diligence requires more than this. The purpose of supply-chain due diligence as embedded in the name of the Act and as also built into our governing policy is to fight against forced labour and child labour. Fighting against implies the doing of hard and challenging work—work that may be resisted by other—and not just the repetitive completion of what may become annual bureaucratic paperwork.

The due diligence work undertaken in support of this report for 2024 has not resulted in any known or quantifiable risk of forced or child labour actually being identified within the supply chain of any affected business.

One of the businesses reported upon, Cocoa Community Confections (no longer operating), during 2024 used cocoa products in its manufacturing operations, and the risk of child labour, including the worst forms of child labour, is endemic in the world’s cocoa supply, especially in West Africa. However, this particular supply-chain risk has been exhaustively studied and proactively addressed by the brand: see <https://cococochocolatiers.com/pages/sustainability>. Through its commitment to certification programs and also more recently its payment of voluntary

¹ The words quoted are from OECD (2018), *OECD Due Diligence Guidance for Responsible Business Conduct* (e.g. at 5).

² *Ibid.* at 3.

“living income” premiums for cocoa products, Cococo has not just controlled against the risk of child labour in its supply chain, but it has also helped remediate both child labour and the associated loss of income to vulnerable families via such payments and its related advocacy efforts.

Five other businesses reported upon here—Calcana, ELRUS, Fiberbuilt, Hydra-Tech, and MAF—use various metals in their manufacturing operations, and the extractive mining industries that introduce such metals, including **aluminum**, into the supply chain are associated with forced labour risks as a general matter. Further investigation is needed here, and procurement practices may need to be redirected toward obtaining more specific certifications of input goods that can be verified³. Many intermediary businesses that use metals such as aluminum do not disclose transparently their sources or origins, especially where issues exist within a single country of origin.

Another input product of potential concern is **rubber**. In the case of rubber, as in the case of metals / aluminum, future procurement efforts may need to be redirected toward obtaining specific certifications of a verifiable sort on inputs generally, and/or implementing a program of supplier-specific field visits.

As was true in 2023, in 2024, several of the businesses being reported upon here—Calcana, ELRUS, and Fiberbuilt—imported and used **electronics** in their manufacturing operations. The supply chain for the componentry of electronics is very complex. As in 2023, investigations this year have not identified any known risks in this area, but in some instances further investigation is warranted in future.

Introduction

This Due Diligence Report is authored by G.L. Black Holdings Ltd. (**GLBH**). GLBH is a privately owned holding company. It provides a narrow range of professional and management services to its subsidiaries and affiliates, but otherwise does not itself directly conduct any active business. Having regard for the profile of its various subsidiaries and affiliates in Canada, GLBH has identified itself as being an “entity” as that term is defined in section 1 of the Act.⁴

Each of the constituent businesses for which GLBH now assumes a consolidating reporting obligation (each, a **GLBH Business**) is a small- or medium-sized enterprise (each, an **SME**). The employee count within the reported-upon businesses ranges from a low of one to a high of 109. Including in consideration of the limited scale of each SME’s operations, no GLBH Business today employs any full-time employee whose role entails creating corporate social responsibility (**CSR**) policies or undertaking the sort of monitoring and reporting that can often occur based upon such

³ An excellent resource for evaluating the appropriateness of certification schemes in relation to particular due diligence goals was identified by an employee in 2024: the International Trade Centre Standards Map, see <https://www.standardsmap.org/en/home>

⁴ GLBH is not “listed on a stock exchange in Canada” but, having regard for the control definitions in section 10 of the Act, GLBH does identify itself as meeting the conditions prescribed by paragraph (b) of the “entity” definition in section 2 of the Act. Specifically, GLBH “has a place of business in Canada”, “does business in Canada”, and “has assets in Canada” and a consolidation of its financial statements for each of the two most recent fiscal years would indicate that “(i) it has at least \$20 million in assets (ii) it has generated at least \$40 million in revenue, and (iii) it employs an average of at least 250 employees”.

policies. Instead, CSR duties within the group are part-time duties wherever they are found, and they are usually (and best) undertaken by employees who enjoy taking on the role of sustainability champion.

For purposes of this second year of reporting under the Act, each GLBH Business, as an SME, was again left to engage in its own due diligence. The results have again been gathered and considered. Future efforts can and will be aimed toward systematizing the approach for each SME. The two years' experience under the Act have created a broad base of activity from which many "best practices" lessons can be drawn. In some areas, systematizing may allow metrics and objectives (corporate goals) to be defined. The opportunity for a group of distinct but related companies to work together on the implementation of sustainability goals also helps build corporate culture and promote succession.

Entities reported upon



The entities whose activities are being reported upon, and their respective fiscal periods, are as follows (in alphabetical order):

Calcana Industries Ltd. (**Calcana**) – December 31
Cocoa Community Confections Inc. (**Cococo**) – May 31
ELRUS Aggregate Systems Ltd. (**ELRUS**) – September 30
Fiberbuilt Manufacturing Ltd. (**Fiberbuilt**) – October 31
GLBH Group Manufacturing Ltd. o/a Hydra-Tech (**Hydra-Tech**) – October 31
House of Mirrors Ltd. (**HOM**) – October 31
MAF Metal Alloy Fabrication Limited (**MAF**) – October 31
Panterra GLBH Properties Inc. (**Panterra**) – October 31
Western Canada Welding Products Limited (**WCWP**) – December 31

This report addresses, as is required by section 11(1) of the Act, the “previous financial year” of each entity as listed above. Owing, however, to both the consolidated nature of this reporting and also to the multiplicity of financial periods of the entities as noted, the themes reported upon here do not neatly fall within watertight financial-year compartments.

Supplementary information

The table immediately following summarizes the “structure, activities, and supply chains” (section 11(3)(a) of the Act) of each GLBH Business (extensive backup information exists beyond that which can be captured here), and also identifies where there could be “risk of forced labour or child labour being used” (section 11(3)(c) of the Act). That being said, however, in respect of all items so identified below, all have been assessed currently as presenting low- to medium risk; often they are identified only because of current non-transparency in relation to post-intermediary sources of supply (including as to places or companies of origin). Reporting intermediaries have generally reported positively on due diligence being undertaken by them in respect of forced labour risks. No high risks or known examples of forced labour or child labour been identified in the supply chain through self-reporting or otherwise, but not all suppliers have responded to requests, either; future work will continue to be required where gaps exist. (Other supplementary information as contemplated by section 11 of the Act is addressed in later sections of this report.)

Structure	Activities	Supply Chain
Calcana Industries Ltd.		
<p>Alberta corporation, 50% owned by GLBH, 50% beneficially owned by the estate of a deceased individual.</p> <p>Operations in the United States occur via an affiliated Alabama limited partnership owned on the same beneficial basis.</p> <p>Canada – 12 employees.⁵</p> <p>US – 8 employees.</p>	<p>Calcana manufactures and distributes proprietary infrared heaters. Its product line primarily includes patio heaters (including for restaurants and sporting venues), garage heaters, and warehouse heaters. In Canada, Calcana has operations in Calgary AB. In the United States, Calcana has a plant in Loxley, Alabama. In both locations Calcana’s manufacturing involves light metal fabrication, as well as the assembly manufacture of third-party supplied components. Calcana’s product sales occur in Canada and the United States and involve a mix of direct sales, distributor sales, and sales direct to consumer.</p>	<p>Weldless chain and wireform – Alabama intermediary.</p> <p>Aluminum eggcrate – Illinois intermediary (forced labour risk - non-specific (Xinjiang)).</p> <p>Various electronic components – Manitoba intermediary.</p> <p>Switches and sensors – Costa Rica.</p> <p>Tubular steel – Ohio intermediary.</p> <p>Boxes and packaging – US intermediary (various).</p> <p>Decals – Manitoba intermediary.</p>

⁵ Employee counts are current not historical.

Cocoa Community Confections Inc.		
<p>Alberta corporation, 100% indirectly owned by the parent company to GLBH.</p> <p>Canada – 30 employees.⁶</p>	<p>In 2024, Cococo manufactured and distributed fine cocoa (chocolate) confectionery. Its manufacturing operations (now closed) were located in Calgary AB. Its products are sold direct to consumer through retail stores located in Alberta and British Columbia, and online to consumers in Canada and the United States. In 2024, Cococo undertook incidental work as contract manufacturer or copacker for third party customers.</p>	<p>Cocoa products (chocolate, cocoa butter) – Ghana, Côte d'Ivoire (origin), Europe (manufacture).</p> <p>Packaging (paper, plastic, polypropylene) (many, various) – Canada manufacturer, Canada intermediary, Italy intermediary, US intermediaries, Korean intermediary, Taiwan intermediary. Paper and plastic packaging – China (forced labour risk – non-specific).</p> <p>Foil – Italy intermediary, US intermediary.</p> <p>Pistachios, almonds – US intermediary. Hazelnuts, filberts – Turkey intermediary. Hazelnut paste – Turkey (child labour risk – non-specific).</p> <p>Cocoa butter – Brazil (child labour risk – non-specific).</p>
ELRUS Aggregate Systems Ltd.		
<p>Alberta corporation, 100% owned by GLBH.</p> <p>Delaware subsidiary (ELRUS USA Limited), 100% owned by ELRUS.</p> <p>Canada – 109 employees.</p> <p>US – 5 employees.</p>	<p>ELRUS designs, manufactures, and distributes aggregates processing equipment (with a focus on chassis-mounted equipment), sells related parts, and services such equipment. It operates manufacturing/fabrication facilities in Calgary AB and in Aylmer ON, assembly-manufacturing facilities in Calgary AB and in Cambridge ON, and also has branches in Winnipeg, MB, Saskatoon, SK, and Chehalis, Washington. ELRUS sells and supports its products in Canada and the United States. One of its principal activities involves the distribution of components manufactured in Sweden by a public corporation.</p>	<p>Manganese wear components – China (forced labour risk – non-specific (no alternative supply sources known to exist)).</p> <p>Cast steel components – China (forced labour risk – non-specific).</p> <p>Metals, mainly steel (warehousing, processing, and fabrication) – Canada intermediaries (various, various countries of origin); US intermediaries (various, various countries of origin).</p> <p>Electrical and automation components – China, USA, Hong Kong.</p> <p>Manufactured equipment and OEM parts – Canada, United States, Sweden.</p>

⁶ These are employees of the business branded as “Cococo”, which business is today contained within The Cocoa Confectionery Company Ltd. (TCCCL). TCCCL is not directly related to CCCI, which has ceased operations. TCCCL will be reported upon for 2025.

Fiberbuilt Manufacturing Inc.		
<p>Alberta corporation, 50% owned by GLBH; 50% owned by an arm's length individual.</p> <p>Canada – 30 employees.</p> <p>US – 9 employees.</p>	<p>Fiberbuilt designs, manufactures, and distributes industrial brushes and also provides pipeline monitoring services, mainly (but not exclusively) to pipeline companies and companies engaged in pipeline cleaning; and Fiberbuilt also designs, manufactures, and distributes golf mats (turf) and golf training products. Fiberbuilt has brush and monitoring manufacturing facilities in Calgary AB and, through its US subsidiary, has assembly manufacture and warehousing / shipping facilities in North Carolina. Fiberbuilt sells its industrial brushes B2B in Canada and the United States, and sells its golf products B2B and B2C in both jurisdictions, including via e-commerce.</p>	<p>Steel – Canadian, US, and international mills (various; various countries of origin) (forced labour risk – non-specific).</p> <p>Plastics and rubber – North America (various), Indonesia, Thailand.</p> <p>Wood – Canada.</p> <p>Electronics – Canada intermediary (country of origin not known) (forced labour risk – non-specific).</p> <p>Chemical blenders – North America (various).</p>
GLBH Group Manufacturing Ltd. o/a Hydra-Tech		
<p>Alberta corporation, 100% owned by GLBH.</p> <p>Canada – 9 employees.</p>	<p>Hydra-Tech manufactures, distributes, and services proprietary hydraulics-based heavy lifting equipment, principally used by the railway and mining industries. Its assembly manufacturing facility is located in Calgary AB. It sells directly to commercial customers in western Canada and, primarily through a distributor, in the United States.</p>	<p>Metals – Canada intermediary (China country of origin) (forced labour risk, non-specific).</p> <p>Valves – Japan. Lights – Korea.</p> <p>Motor assemblies – Canada.</p> <p>Rubber, gaskets, fittings, seals – Canada intermediary. Fittings and couplers – US intermediary, Canada intermediary.</p> <p>Wheel assemblies – United States intermediary (China, Taiwan countries of origin).</p> <p>Hoses and hose fittings – China intermediary (Mexico, India, Taiwan countries of origin).</p>
House of Mirrors Ltd.		
<p>Alberta corporation, 100% owned by GLBH.</p> <p>Canada – 15 employees.</p>	<p>HOM supplies and installs glass and mirrors, and related hardware, to commercial and residential customers in Alberta, mainly in Calgary AB and vicinity. HOM fabricates products (cuts to measure), paints glass, and manages custom installations. It operates from manufacturing and retail premises located in Calgary.</p>	<p>Glass and mirror – Canada intermediaries (Mexico, Canada, US, Malaysia countries of origin).</p> <p>Hardware, including aluminum, directly and via intermediaries – Canada, US, China, Australia, and Vietnam.</p> <p>Paints and tints – Italy.</p> <p>Sealants – Québec.</p> <p>Wood products – Canada.</p>

MAF Metal Alloy Fabrication Limited		
Alberta corporation, 100% owned by GLBH. Canada – 44 employees.	MAF operates a metals fabrication and machine shop in Calgary AB. It cuts, forms, machines, and specialty welds metal to meet the designs/specifications of third party and affiliate customers. MAF's sales involve a mix of custom work (e.g. for architectural applications) and prototype / production activities. MAF's customers are located in Calgary AB and vicinity.	Metals – Canada intermediaries, various (countries of origin, various, including China). Aluminum. (Forced labour risks – non-specific.)
Panterra GLBH Properties Inc.		
Alberta corporation, 100% owned by GLBH. Canada – 2 employees.	Panterra develops, owns, leases, and manages commercial real estate (primarily light-industrial real estate) in Alberta (Calgary, Red Deer, Medicine Hat, Lethbridge), and also assists with the management and operation of real estate owned or occupied by affiliate businesses.	Service contractors who supply materials incidental to repair and maintenance activities; sources and countries of origin typically not known or specified.
Western Canada Welding Products Limited		
Alberta corporation, 100% owned by GLBH. Canada – 28 employees.	WCWP distributes industrial gases and welding supplies (tools, consumables, hard goods, personal protective equipment) to markets in southern Alberta and southwest Saskatchewan. WCWP has retail-branch and warehouse-distribution locations in Lethbridge AB, Medicine Hat AB, and Brooks AB.	Industrial gases – Canada, US. Welding machines – Canada, US. (Various inputs including metals (including aluminum) and electronics.) (Forced labour risk – non-specific). Textiles (cotton, leather) – Pakistan, China. (Forced labour risk – non-specific). Electronics – Taiwan. (Forced labour risk – non-specific).

Embedding responsible business conduct into policies and management systems

All GLBH Businesses today operate under the same Code of Conduct (accessible at www.glbh.com). The Code speaks to forced labour concerns in the following statements:

This Code reflects the Company's commitment to conduct its business lawfully and in keeping with the highest ethical standards.

All of our business activities should be conducted in a manner that preserves and enhances our integrity and reputation. It is our strict policy to avoid illegal or unfair practices in dealings with Third Parties.

We work diligently to ensure that our business is conducted in all material respects in accordance with applicable laws, rules, and regulations. This includes compliance with laws, rules, and regulations regarding income and sales tax, competition, privacy, employment standards, human rights, occupational health and safety, and environmental matters.

We strive to foster a business environment that promotes integrity and that deters unethical or illegal behaviour. All Employees who know of or who suspect a violation of this Code, another policy, or of any law or rule affecting our business, must report the violation to a supervisor. If an issue concerns or implicates a supervisor, then as may be considered reasonable or appropriate in the circumstances, the required report can instead be made directly to the Company's most senior manager, to G.L. Black Holdings Ltd. (including by email to CorporateSecretary@glbh.com), or through any whistleblowing procedure that we make available from time to time. The Company will respect and preserve the anonymity of such reports to the greatest extent possible.

By its nature, the Code of Conduct also addresses many topics distinct from issues of forced labour and child labour. However, the overriding importance of the Code as regards these labour issues is that it places fundamental issues of CSR—ethical standards, the integrity and reputation of each business, compliance with laws, human rights, and a duty to report violations—at center stage. By doing this, the Code sets out the basic standards against which all other activities are measured, and it is a foundation upon which all other policies and procedures can be based.

Building upon the Code of Conduct, and in specific response to the Act, GLBH has also promulgated a Policy to Fight Against Forced Labour and Child Labour in Supply Chains (also accessible at www.glbh.com).

The work done in conjunction with completing the 2023 Due Diligence Report identified the need for GLBH to develop and promulgate a standardized Business Partner Code of Conduct. This work was not completed as hoped during the 2024 period and so now carries forward. Too many GLBH Business suppliers, when questioned about issues of forced labour and child labour, reply with a formalistic questionnaire or “check-the-box-type” response. One extreme example (in an email from a supplier in China in 2023, and in response to a sophisticated question) read simply: “We never use child labor my friend.” (We have not reverted to the particular supplier who provided this answer since that time.) A Business Partner Code of Conduct can help tackle the problem of simplistic communications and the need to promote⁷ transparency in behind ready-made policy-type proclamations. The promulgation of a Code will not, by itself, be a sufficient response to the problem of receiving simplistic inputs from vendors when that happens, but a well-written Code may nevertheless help distinguish supply-chain problems worth investigating from mere respondent laziness. It will help us prioritize. Furthermore, the actual standardizing of questionnaire detail may allow us to compile due-diligence data worth tracking over time.

Adjacent to a Business Partner Code of Conduct, enhanced and standardized processes of supplier qualification can be implemented. CCCI, whose operations involve food safety considerations, operated using a Supplier Approval Questionnaire procedure for some years (e.g., “Are you certified against a Global Food Safety Initiative recognized program or other accredited body (BRC, SQF, etc.)?”; “Do you manufacture these products, or do you act as an Intermediary Source? If you are an Intermediary Source, can you please indicate the country of origin of the products (if not indicated on the Product Specification Sheet?”; etc.). ELRUS, as part of its Due Diligence Report response, similarly has developed in draft form a “Supplier Qualification Process – Forced or Child Labour” with three stated goals: “Goal 1 – Understand the Supply Chain”; “Goal 2 – Risk Assessment”; “Goal 3 – Identify Potential Responses”. The draft process document addresses the need to consider various factors when assigning risk levels

⁷ There is a big difference between promoting transparency and actually achieving or benefitting from transparency. Most questionnaires—where answers are not linked to third-party certification or other tools—go no deeper than the signature of the particular respondent who provides them.

to both supplies and suppliers, and incorporates by reference the OECD due diligence guidance as regard sector, product, geographic, and enterprise-level risks. The result is a Risk Assessment Matrix tool that can be used to prioritize and guide remedial work. And lastly MAF during 2024 has embedded the process of due diligence under the Act into its standard vendor-onboarding procedures, such that due diligence records are maintained with its ERP (enterprise resource planning) and CRM (customer relationship management) systems.

The 2025-26 period will continue to focus upon the implementation of supplier policies and procedures across all GLBH Businesses.

Identifying and assessing actual and potential adverse impacts

All GLBH Businesses undertook a process of scoping and supply chain mapping in 2023 and updated that scoping and mapping as required for 2024 (required updates were few and modest; supply chains did not change much across 2023-2024). In order that available SME resources might remain focused upon the most important issues (and therefore be aimed toward securing the maximum available remedial benefit), each business was again instructed for the purpose of this Year Two (2024) exercise to analyze its supply-chain inputs in quantitative (dollar) and strategic terms, from highest to lowest, and to focus upon defining the inputs which collectively define the business in its essential character. There was no artificial or pre-set limit placed upon what this would mean (*i.e.* no “top 10” expectation, no specific dollar threshold). Instead, the idea was to utilize each business’s subject-matter expertise to best advantage, focusing expert attention where it can do the most good. “You know your businesses; focus upon the inputs that define them.” Any business can and ought to be an expert about the issues that matter most to it. If experts focus upon rooting out problems in areas they are motivated to understand well, the most positive impact can be achieved. The businesses that were most engaged in 2024 tended to deep more deeply into their supply chains (*i.e.* they made their way further down the list and into smaller relationships and smaller dollars).

A variety of work continues to be undertaken by the different GLBH Businesses based upon the preliminary supply chain mapping. The most common follow-up activity involved researching the published policy statements of identified key vendors (public companies especially), as supplemented by surveys and/or question/answer communications aimed at specific targets. As appropriate, in some cases these were merely updated from 2023. A very wide variety of reactive behaviour was encountered from vendors in response to such questioning, with many businesses simply opting to issue, or to cross-reference, blanket corporate policy statements against forced labour and/or child labour. It is obvious in 2024 that many such statements were first developed only in response to the Act coming into force for 2023.

Across two years of activity, in no case have we seen any business self-identify a known problem in its supply chain, nor have we seen any business choose to say anything specific about known industry problems or about the viability of remedies and alternatives related to such problems. This is striking and speaks to the need for a go-forward active rather than passive approach to due diligence. In short, if we were to take everybody at face value, then evidently the supply-chain world is perfect. Research outside the confines of the customer/vendor communication channel will therefore be needed to “take the problems to the suppliers”. What are you doing about X? How do you know that your supply as sold to us is not impacted by this X that we have identified for you? There is clearly a very large challenge still ahead in relation to clear communication and corporate transparency under the Act.

Remedial measures; training

Insofar as the supply chain mapping and scoping work undertaken for this Due Diligence Report did not identify any known risks of forced labour or child labour in the supply chains of GLBH Businesses, the question of remedial measures and employee training yet remains somewhat open-ended today. A natural tendency for any employee faced with the assignment of investigating forced labour and child labour in the supply chain is to want there to be no problem associated with their work at all, and to be temperamentally prepared to rely overmuch upon the statements of others (vendors) to the effect that there is, in fact, no problem anywhere.

There are likely cognitive biases at play (cognitive dissonance; egocentric biases; confirmation biases). How can one best overcome the natural tendency of SME employees to resist having their work associated with unpleasant global complexities and an overriding sense of lack of control?

Maybe there is no satisfactory answer to such a question, but the approach recommended here again this year is for leadership to lean proactively into the concept of due diligence, a concept that underpins not just the Act but also many similar CSR actions being undertaken around the world today. The idea of fully discharging an obligation to be duly diligent is ultimately a liberating idea. To be duly diligent is to have done what is necessary in proportion to a problem or challenge presented. Defining that which is duly diligent is very dependent upon the facts of case, upon the capabilities of the person doing the work, and the circumstances faced. Framed positively, the challenge is to do one's best:

"Due diligence" is simply the exercise of "reasonable care". It is something more than "specious" or "unbelievable" reasons or "excuses" ... "due diligence" relates to how one deals with factual circumstances; it will not enable mistake of law or ignorance of the law ...

What constitutes "due diligence" is case specific, and the standard of care required ... depends on the facts of each case, and the particular industry or activity involved. Basically, the greater likelihood of harm, and the greater awareness of the potential danger, the more "due diligence" ...

Actions amounting to "due diligence" may change with time; what might amount to an appropriate solution at one juncture might not meet "due diligence" standards at a future point in time. Thus, "due diligence" includes keeping abreast of technological change ...⁸

Stated in different and slightly more positive terms: the requirement to act with due diligence presents an opportunity to be inquisitive. It is an opportunity to seek out information about business risks; to inform oneself; to conduct research and to become an armchair expert; to advocate for the idea that things could be better; to find purpose in one's work, even if that purpose might seem to be "off to one side" in relation to the day-to-day challenges of commerce.

Translating these high-level ideas back to the tabletop task of supply-chain analysis, and reflecting back upon the supply chain summary above, this Due Diligence Report reinforces the idea that opportunities lie in store for implicated GLBH Businesses to learn what there is reasonably to know about topics such as key metals extraction (aluminum, specifically), about

⁸N.J. Strantz, "Beyond *R. v. Sault Ste. Marie*: The Creation and Expansion of Strict Liability and the 'Due Diligence' Defence" (1992), 30 (4) Alberta Law Review 1233, at 1241-42.

rubber⁹, about electronics manufacture and distribution (especially from China and Taiwan as countries of origin), and about certain specific food stuffs (hazelnut¹⁰ paste, Brazilian cocoa butter). A training plan for employees involved in due diligence should probably require employees to:

1. Review the lessons of this Due Diligence Report.
2. Improve and standardize tools through a “task force” or “working group” approach that operates year-round, led by “champion” employees.
3. Conduct subgroup discussions about specific sector, product, geographic, and enterprise-level risks.
4. Define research assignments; assign researchers; report results back to the task force or working group.
5. Define or redefine supplier qualification processes.
6. Undertake updated due diligence with vendors of concern.
7. **Report on results. Define learnings. Take action.**¹¹

Assessing effectiveness

No big actions¹² into the supply chain have yet been taken based upon the findings of the Due Diligence Reports for 2023 or 2024. As was true in 2023, it would probably be difficult or even impossible for GLBH to define today, in a meaningful way, metrics that could assess legitimately the effectiveness of steps now being taken or to be taken to alleviate the risk of forced labour and child labour (section 11(3)(g) of the Act) in the overall supply chain of GLBH Businesses. Rather, we continue during this early period to “learn the due diligence terrain”, and we believe this learning demonstrates a clear risk associated with defining metrics prematurely. Just as policies and questionnaires can too quickly become a routine (and mostly passive) “check the box” exercise, metrics can sometimes become their own sort of self-fulfilling prophecy (*i.e.*, a changing number year-over-year suggesting a real-world change that may or may not exist at all, or that may or may not be meaningful even if it does exist).

2024 was the second year during which introductory and unifying CSR work has applied across all GLBH Businesses. The best measure of progress at this time continues to be a subjective one. It is the measure of cultural change. Do accountable employees come to understand that

⁹ One rubber product that was a minor consumable for one of the businesses being reported upon here was identified by that business, in time for this 2024 report, as being a product coming from a country of origin where such products are associated with unacceptable risks of forced labour. Receiving no satisfactory reply from the intermediary supplier in question, the supplier was dropped, and an alternative found.

¹⁰ One key supplier’s significant progress in respect of this particular commodity has been tracked.

¹¹ It would be hard to overstate how valuable it can be to integrate supply chain due diligence into business culture on every level. One especially engaged employee who reported back to GLBH with an excellent report this year, and who hopes to do yet more in future, wrote: “perhaps there will be opportunity for a Task Force of sorts (a Captain Planet-esque brigade, with jaunty uniforms and a cleverly cadenced recitable slogan of “REPORT ON RESULTS. DEFINE LEARNINGS. TAKE ACTION.” complete with choreographed hand and arm motions), in which I can recruit others to get excited and feel good about doing the right thing.”

¹² In several cases, smaller suppliers who were not capable of responding even to basic questions have been summarily dropped. None of the businesses has yet faced the problem of any recalcitrant key supplier.

assessing the risk of forced labour and child labour in supply chains, and then acting to prevent the realization of that risk and/or remediating that risk where it inevitably presents itself, is a meaningful and rewarding activity? One that makes work more interesting and more worthwhile? Most employees prize engagement at work nearly above all other considerations. In the 2025-26 period, GLBH will therefore focus efforts upon measuring subjectively the engagement of employees with the exercise of implementing and living by the Code of Conduct and all related policies and procedures that bear upon the goals of the Act.


Approval

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(s) listed above.

Dated at Calgary, Alberta, Canada as of May 31, 2025. I have the authority to bind G.L. Black Holdings Ltd.

G.L. BLACK HOLDINGS LTD.

PER:



Brian Beck
Chief Operating Officer & Corporate Counsel