

CMP Advanced Mechanical Solutions Ltd.

Modern Slavery Report

Fiscal year ended 30 June 2025

31 May 2025



Introduction

CMP Advanced Mechanical Solutions Ltd. (the “Company” or “CMP”) is a business built on trust and integrity and this comes from its deep roots as a family business in a thriving community whose success has always been founded on these key ingredients. From this it follows that CMP believes it has a responsibility to protect the rights and dignity of everyone who is a part of its operations or by extension, of its supply chain. CMP explicitly prohibits any form of child labour, human trafficking, forced or compulsory labour, physical punishment, unsafe working conditions, unreasonable or illegal work hours, and any other form of modern slavery (collectively, “Modern Slavery”).

This report is designed to meet CMP’s reporting obligations under the *Canadian Fighting Against Forced Labour and Child Labour in Supply Chains Act* (S.C. 2023, c. 9) (the “Act”) by setting out the steps taken during our financial year ending 30 June 2023 (“FY2023” or the “Reporting Year”) to prevent and reduce the risk that modern slavery is used at any step of CMP’s production or supply chain, as well as other related information. This Report constitutes the first report prepared by CMP pursuant to the Act.



Structure, activities & supply chain

Structure

Founded in 1969, CMP is incorporated under the *Canada Business Corporations Act (CBCA)* and is a leading Electro-Mechanical Manufacturing Services (EM2S) provider in North America. The Company specializes in the design, production and integration of complex electro-mechanical enclosures, assemblies, and systems.

The scope and information provided in this report applies to CMP and to its 100%-owned, New York-based subsidiary (CMP AMS (USA) Inc.) (“CMP USA”). CMP’s facilities (manufacturing and administration) are in Chateaugay, Quebec, and CMP USA’s manufacturing facility is in Binghamton, New York.

Activities

The Company provides its clients with turn-key solutions for their manufacturing needs, from design through prototype, pre-production and into full rate production, as well as the life-cycle cost management of legacy and mature products. The Company’s activities are focused on three primary business segments:

1. **Product Development.** We work with customers’ technical specifications related to:
 - a. **Design.** We assist our customers in the practical implications of their product and its fabrication.
 - b. **Rapid Prototyping.** We have a unique ability to produce a quality, tangible product in limited numbers in a short amount of time.
 - c. **New Product Introductions.** Establishing the manufacturing processes and procedures to yield the required product quality and specifications through various engineering activities and by building the first unit(s) to prove the production recipe.
2. **Core Mechanical.** We produce various custom metal fabrications for which CMP makes most of the constituent parts. The raw materials are primarily sheets and tubes of metal. The fabrication process is made of up activities such as punching, cutting, bending, welding, grinding/blending, hardware

insertion, masking, painting, and assembling. CMP has always utilized cutting edge manufacturing equipment and technology to stay at the forefront productivity and capability.

3. **Integration.** We Integrate purchased components into the metal fabrications manufactured by the Core Mechanical segment resulting in a finished and tested product.

Presently we are active in the Energy Distribution & Storage, Warehouse Automation & Robotics, Homeland Security, Light Rail, Medical Systems, Semiconductor Capital Equipment industry segments. Most of our customers are based in the United States, followed by Canada and Europe.

Supply Chains

CMP is proudly based in North America and believes that North America is a viable alternative to manufacturing offshore. Our lean manufacturing methods allow our customers to realize competitive advantages right here at home. We call it “competitive onshoring” and we believe it is efficient and effective to re-design to reduce cost, not to re-source. We believe that our customers can and will benefit from local, skilled resources who can quickly adapt to changing needs. CMP recognizes that goods manufactured in Canada, the US, Japan, and Europe carry less risk of forced labour or child labour. During the fiscal year 2023, CMP purchased goods from approximately 400 suppliers. Of these suppliers, approximately 73% were in Canada, 23% in the US, and 2% in Japan or Europe, and the remaining 2.0% of suppliers are located primarily in Asian countries. The preponderance of North American suppliers is in keeping with CMP’s philosophy of favoring local manufacturing.

Our most important supply chain item is purchases of steel, aluminum, and other metals, either in sheet or tube form and which are the raw materials for the Core Mechanical business segment. This represents by far the largest input to our business and is substantially all purchased from North American suppliers. Approximately 9 suppliers make up approximately 45% of CMP’s total addressable spend.

Our Integration business segment uses a wide variety of components from diverse manufacturers. In many of cases, we are mandated by our customers to use direct-buy suppliers and therefore not within our discretion. Most of our customers are large, well-established companies operating in multiple jurisdictions. They themselves are often subject to Modern Slavery laws where they operate and therefore have frequently put in place a rigorous supplier vetting process to which CMP itself is subject. Within the past 24 months, CMP has been subject to 3 customer audits related to their supply chains and each addressed forced and child labour usage. CMP does not rely on its customers’ process; however, it does add an additional level of comfort related to the direct-buy items they have mandated that we purchase, and the audit provides general experience from which we can draw.



Polices and due diligence process

CMP’s efforts to address risks of modern slavery across its business and supply chains are supported by the following policies which establish the Company’s baseline expectations and reinforce CMP’s values, goals and objectives:

- Business Code of Conduct

CMP's governance framework begins with the Company's Code of Conduct (the "Code"), which states the principles of integrity and standards of ethical behavior that CMP expects from each director, officer, employee and representative, at every level, in every country, and from every subsidiary controlled by CMP. All suppliers and vendors are provided with this document.

This document, which was reviewed in October 2023, recognizes that each of these stakeholders has the responsibility to protect the rights and dignity of every individual that is part of CMP. The Code has dedicated chapters on building a non-discriminatory, respectful, and safe workplace, on protecting human rights as well as on reporting any suspected violations of laws or of the Code itself. Presently, all new hires must acknowledge their acceptance of compliance and it is the Company's intention to institute an annual re-acknowledgement process.

- **Whistle Blower Policy**

During the Reporting Year, CMP established a Whistle Blower Policy to support our corporate values and the ethical environment of our business. The Whistleblower Policy is intended to encourage and enable employees and others to raise serious concerns internally so that they can be addressed and corrected. Concerns may be raised by employees, suppliers, customers, and other stakeholders through several available channels. The Whistle Blower Policies includes confidentiality and "no retaliation" provisions and a system of reporting to the Board of Directors has been put in place.

- **Supplier Code of Ethics and Supplier Quality Manual**

CMP's Supplier Code of Ethics ("SCOE") was implemented in 2022 and is available on our website. Subsequent to the Reporting Year in 2024, the SCOE was embedded into the more extensive Supplier Quality Manual. ("SQM")

Excerpt from the SQM:

2.1.2.15 Child Labor

Suppliers are expected to ensure that illegal child labor is not used in the performance of work. The term "child" refers to any person under the minimum legal age for employment where the work is performed, and/or the minimum working age defined by the International Labor Organization (ILO), whichever is higher.

2.1.2.16 Modern Slavery

Suppliers must prevent any involvement in all forms of modern slavery, including human trafficking and forced, bonded, or indentured labor. All work should be voluntary on the part of the employee. We expect suppliers to provide all employees with a written contract in a language that the employee understands clearly indicating their rights and responsibilities regarding wages, working hours, benefits, and other working and employment conditions. Suppliers must not destroy, conceal, confiscate, or otherwise deny access to any form of employee identification (e.g., passports or work permits) as a condition of employment unless required by applicable law.

In 2023 a Supplier Assessment Form was implemented to vet suppliers against the criteria of the SQM. The SAF is made up of questions related to the social, environmental, and ethical aspects of a supplier. In March of 2024, we commenced auditing suppliers with the updated form.

The Company is committed to the ethical sourcing of any minerals used in our manufacturing and supply chain to be compliant with relevant “conflict mineral” rules and will take similar measures with respect to their suppliers to ensure a consistent policy alignment throughout the supply chain.

Forced labour and child labour risks

CMP's workforce

The Company believes that the risk of Modern Slavery among its employees in Quebec and New York is insignificant. The Company's Board of Directors oversees all Human Resources policies to ensure compliance with standards applicable in the jurisdictions in which we operate. Further, the Company has implemented several wellness programs such as a workplace gym with a fitness instructor, an onsite cafeteria with a healthy choice, reasonably priced menu, and other wellness initiatives which aim to boost the health and moral of our workforce.

Supply Chains

To assess the risk of forced labour and child labour in our supply chains, we mapped the risks of our active product suppliers in all the jurisdictions where we source products as part of our operations. The mapping helped us identify exposure to risks based on industry, product, and country and the materiality of the purchases. The resulting risk assessment will determine the level of additional due diligence to be performed, including with respect to slavery and human trafficking and the extent of ongoing monitoring and frequency of review required.

As noted above, substantially all our purchases are from North America, Europe, and Japan, and our most material purchases are of raw metals. The risk in these areas is judged to be extremely low.

It is possible that country of origin for some equipment and components used in the Integration business could be purchased from North American, Japanese, or European supplies but originate in other countries; however, based on current purchases, this risk is judged to be low. In all cases, a CMP supplier must adhere to our SQM to remain a supplier.

Remediation measures

The Company has not identified any instances of forced or child labour, and so no remediation measures have been taken. Further, given that no such instances were identified, no measures have been taken to remediate loss of income that result from measures taken were required.

Training Provided

During the Reporting Period, CMP did not provide employee training specifically targeting forced or child labour. Nevertheless, the Company is committed to acting ethically and with integrity in all business

relationships and recognizes that employer-provided training is essential to these values. To facilitate its training activities and to broaden their scope and delivery, in the fall of 2023, CMP implemented a new e-learning platform. This platform will be used to deliver targeted training on forced and child labour in supply chains and this will become a core training for the Supply Chain team and relevant employees.



Assessing effectiveness

Collectively, this Report, the policies, processes, and procedures described herein, are all designed to ensure that the Company's efforts are effective in maintaining a workplace and supply chain free of slavery and human trafficking.

In the coming quarters, the Company will embed the evaluation the effectiveness of its response to Modern Slavery as part of the audits conducted by our Quality Team, which has previously approved the Supplier Assessment Form. We will continue to review, reassess, and further develop our policies and procedures to stand against forced and child labour, not only to ensure compliance with applicable laws, but also to ensure that we live up to our core values.



Approval & 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 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.

President and Chief Executive Officer

A handwritten signature in black ink, appearing to read 'Steve Zimmermann'.

Steve Zimmermann*
May 2025

**I have the authority to bind CMP Advanced Mechanical Solutions Ltd. and its subsidiary*