



BILL S-211 - MODERN SLAVERY REPORT 2023

ADVANCE ENGINEERED PRODUCTS LTD.

A Commitment to Fighting Against Forced Labour and Child Labour in Supply Chains



1. Introduction

The first modern slavery report of Advance Engineered Product Ltd. for the fiscal year, concluding on September 30, 2023, is a combined report for Advance Tank Production Ltd. and Advance Tank Centres Ltd.

2. Steps to prevent and reduce risks of forced labour and child labour

At Advance, we are committed to conducting business with integrity and compliance with the highest ethical standards. We expect our suppliers to share these values and demonstrate responsible and ethical behavior in all their business practices.

During the Reporting Period, we implemented the following measures to prevent and mitigate the risk of forced labour or child labour in our operations and supply chains:

1. We developed our supplier code of ethics and supplier code of compliance declaration, which was finalized in the latter part of 2023.
2. We have initiated an internal assessment of our supply chain activities including communication with suppliers to help assess our exposure and risk to child labour and modern slavery.

We will comprehensively review our supply chain activities in the coming years.

3. Structure, activities, and supply chains

Advance Engineered Products Ltd., headquartered in Regina, Saskatchewan, is the parent organization overseeing two subsidiary entities: Advance Tank Production Ltd. and Advance Tank Centres Ltd., which collectively employ 314 people.



Advance Tank Production Ltd. specializes in designing and manufacturing tank truck and trailer equipment. Operating from Regina, Saskatchewan, and Drummondville, Quebec, manufacturing facilities, Advance Tank Production Ltd. is recognized for consistently exceeding oil companies and private carriers' most demanding bulk hauling requirements. Our equipment is designed by our engineers and fabricated by our finest welders.

Advance Tank Centres Ltd. specializes in rollover repairs, equipment modifications, and recertifications. Collaborating closely with our factory and team of engineers, we restore tanks to meet recertification standards. With extensive experience, we have earned a reputation as a preferred partner for major Equipment Insurers. Supported by our TC-certified engineering team based in Regina, we possess specialized expertise in repairing and recertifying damaged equipment. Furthermore, we help our aftermarket clientele by offering a comprehensive range of tanker trailer replacement parts. Our capabilities extend to tank mounting, steel tank fabrication, and meter calibration services. Advance Tank Centres Ltd. operates five service centres across Western Canada in Calgary, Edmonton, Lloydminster, Surrey, and Regina.

Cross-company inventory sharing, and intercompany purchases are standard practices. Advance Tank Production Ltd. manufactures tanks and sells them to Advance Tank Centres Ltd. for installation at their facilities. Meanwhile, Advance Tank Centres Ltd. manufactures steel tow pups and supplies them to Advance Tank Production Ltd.

Both entities share 500 standard suppliers and purchase similar commodities such as raw materials, suspensions, wheels, tires, electrical products, metal fabricated parts, and consumables. We buy directly from Original Equipment Manufacturers (OEMs) in North America and preferred distributors. Our offshore raw materials, particularly aluminum sheets, aluminum extrusions, and stainless-steel sheets, are bought through a



North American distributor. We highly prioritize our supplier relationships and engage in collaborative efforts to ensure the delivery of high-quality products to the market.

4. Policies, governance, and due diligence processes

4.1. Centralized supplier approval process

All new and existing suppliers must adhere to our supplier code of conduct and ethics before being approved to do business with us. Supplier setup requests are centrally managed and authorized in our ERP system only upon approval by the VP of Procurement.

4.2 New supplier code of conduct and ethics

Our new supplier code of conduct and ethics explicitly addresses forced and child labour within Section 3.

LABOUR, HUMAN RIGHTS, AND NON-DISCRIMINATION The Supplier is expected to protect the human rights of its employees and provide a workplace free of discrimination, harassment, and abuse. Compliance with labour laws, including prohibiting forced or child labour, is mandatory. Fair compensation, reasonable work durations, and a secure occupational environment are fundamental and requisite components.

The supplier code is accessible at: [AEPL-Supplier-Code-of-Conduct-and-Ethics.pdf \(advanceengineeredproducts.com\)](https://www.advanceengineeredproducts.com/advancel-supplier-code-of-conduct-and-ethics.pdf).

4.3 New supplier certificate of compliance

Our new supplier certificate of compliance declaration will be implemented in 2024. It covers key compliance points below:

1. Modern Slavery and Child Labour Policy: The supplier has established a formal policy explicitly addressing modern slavery and human trafficking.
2. Communication: The supplier effectively communicates its forced labour and child labour policy to its employees and stakeholders throughout its supply chain.



3. Supply Chain Due Diligence: The supplier has implemented robust processes to identify, assess, and address the risk of forced labour and child labour within its supply chain.

4. Training and Awareness: The supplier provides regular training on forced labour and child labour awareness to its employees, ensuring a well-informed workforce.

5. Reporting Mechanisms: The supplier maintains confidential reporting mechanisms for employees to report concerns related to forced labour and child labour, fostering a transparent and accountable environment.

6. Compliance with Legislation: The supplier ensures compliance with forced labour and child labour legislation and regulations in all its jurisdictions.

7. Continuous Improvement: The supplier is committed to constantly monitoring and improving efforts to combat forced labour and child labour.

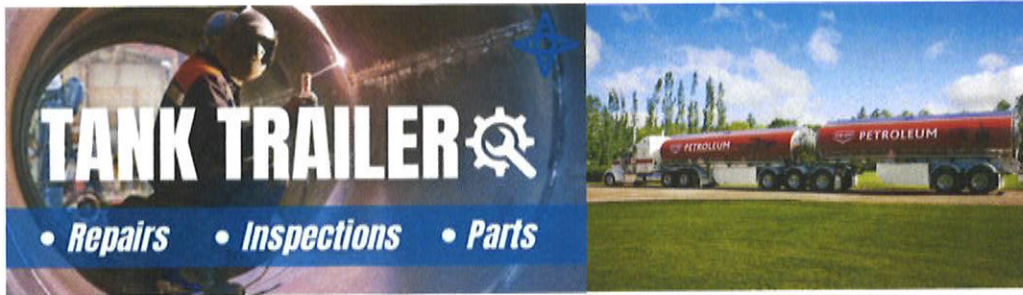
The certificate of compliance is accessible at: [Certificate-of-Compliance-Bill-S211.pdf \(advanceengineeredproducts.com\)](#).

5. Identifying risks

Through our material sourcing questionnaires and interviews, we have evaluated the risks posed by our primary Tier 1 suppliers, which constitute 80% of our commodity spending. Notably, their most stringent supplier approval measures are applied in Asia. Our global suppliers for suspensions, wheels, and tires have also established policies to ensure compliance with modern slavery regulations worldwide.

6. Remediation measures

While no instances of forced labour or child labour requiring remediation have been identified in our operations or supply chains, suppliers and purchasing personnel are



encouraged to address any related concerns via email at purchasing@aepl.ca. Advance is committed to collaborating with suppliers to rectify any instances of non-compliance should they arise.

7. Training

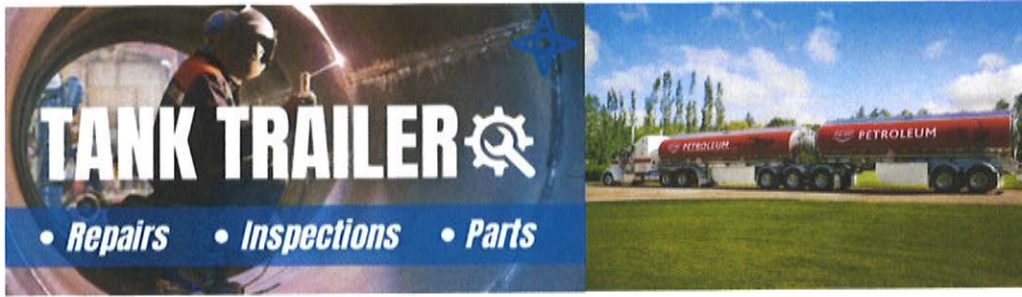
Real-world illustrations and discussions on ethical sourcing are integrated into our monthly purchasing and communication calls. Key sourcing personnel must also complete an online course on modern slavery in 2024.

8. Assessing effectiveness of policies and procedures

We have yet to evaluate the efficacy of our policies and procedures; however, we will initiate this process in 2024.

9. Approval and 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.



I have the authority to bind Advance Engineered Products Ltd.

Per: 

Full Name: Darrell Zwarych
Title: Chief Executive Office and President
Director of Advance Engineered Products Ltd.
Date: April 19, 2024