



**PAZMAC
ENTERPRISES
LTD.**

REF / TITLE

AP-46 Labour Due Diligence Policy

BY / APPROVAL

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1.0

1. Purpose

The purpose of this policy is to establish the Company's commitment to preventing, identifying, addressing, and reducing the risk of forced labour and child labour in its operations and supply chains. This policy supports responsible business conduct, ethical sourcing, and compliance with applicable laws, including Canada's Fighting Against Forced Labour and Child Labour in Supply Chains Act, where applicable.

2. Scope

This policy applies to all directors, officers, employees, contractors, suppliers, subcontractors, agents, and other business partners involved in the Company's operations, procurement, production, distribution, importing, or sale of goods and services. It applies to activities conducted in Canada and internationally, including direct and indirect supply chain relationships.

3. Policy Statement

The Company prohibits the use of forced labour, child labour, human trafficking, slavery, servitude, debt bondage, coercion, deception, restriction of movement, withholding of wages or identity documents, excessive recruitment fees, and any other form of exploitation in its operations and supply chains. The Company expects its suppliers and business partners to uphold the same standards and to conduct business in a manner that respects internationally recognized human rights and labour standards.

4. Definitions

Forced labour means labour or services provided or offered under circumstances that could reasonably be expected to cause a person to believe their safety, or the safety of someone known to them, would be threatened if they failed to provide the labour or services.

Child labour means labour or services provided or offered by persons under the age of 18 in circumstances that are contrary to applicable law, dangerous, harmful to their development, interfere with schooling, or constitute the worst forms of child labour.

5. Governance and Responsibilities

- **Senior Management:** Provides oversight, approves this policy, and ensures adequate resources are available to implement due diligence activities. Maintains this policy, coordinates risk assessments, monitors implementation, and ensures the completion of required reporting.
- **Procurement and Supply Chain Teams:** Integrate due diligence requirements into sourcing, onboarding, purchasing, and supplier management processes.
- **Employees and Contractors:** Comply with this policy and report suspected violations or concerns promptly.
- **Suppliers and Business Partners:** Comply with applicable laws, contractual requirements, and the Company's standards on forced labour and child labour.

6. Due Diligence Process

The Company will use a risk-based due diligence process to identify, assess, prevent, mitigate, and address actual or potential forced labour and child labour risks. Due diligence activities may include mapping supply chains, screening suppliers, reviewing country, sector, product, and workforce risks, assessing supplier practices, documenting findings, and monitoring corrective actions.

7. Risk Assessment

The Company will assess forced labour and child labour risks in its operations and supply chains at least annually and when there are significant changes to sourcing, suppliers, products, geographies, or business activities. Risk factors may include high-risk jurisdictions, vulnerable worker populations, labour-intensive production, use of recruitment agencies, subcontracting, limited supply chain visibility, prior allegations, or weak supplier controls.

8. Supplier Requirements

Suppliers are expected to maintain lawful employment practices, verify worker age and eligibility, prohibit forced labour and child labour, ensure workers are free to leave employment in accordance with applicable law, avoid charging workers recruitment fees, provide clear employment terms, maintain accurate records, and ensure subcontractors meet equivalent standards. The Company may require suppliers to complete questionnaires, provide documentation, participate in audits or assessments, and implement corrective action plans.

9. Contracting and Procurement Controls

Where appropriate, the Company will incorporate forced labour and child labour due diligence requirements into supplier onboarding, purchase terms, contracts, codes of conduct, and supplier evaluation criteria. Contracts may include rights to request information, conduct audits, require corrective action, suspend purchases, or terminate the relationship where credible concerns are not adequately addressed.

10. Training and Awareness

The Company will provide appropriate training and awareness to employees whose roles are relevant to procurement, supplier management, logistics, compliance, human resources, or operations. Training may cover indicators of forced labour and child labour, reporting channels, supplier due diligence requirements, documentation expectations, and escalation procedures.

11. Reporting Concerns

Employees, suppliers, workers, and other stakeholders are encouraged to report suspected forced labour, child labour, or related misconduct through the Company's established reporting channels. Reports may be made without fear of retaliation. The Company will review concerns promptly, maintain confidentiality to the extent practicable, and escalate matters as appropriate.

12. Remediation and Corrective Action

Where actual or suspected forced labour or child labour is identified, the Company will take appropriate action based on the severity of the issue, the Company's connection to the harm, and the affected workers' best interests. Corrective actions may include requiring immediate cessation of the practice, repayment of improper recruitment fees, protection of affected workers, remediation of lost income where appropriate, enhanced monitoring, suspension of orders, or termination of the supplier relationship if corrective action is not taken.

13. Monitoring and Effectiveness

The Company will monitor the effectiveness of this policy and related due diligence activities through appropriate measures, which may include supplier completion rates, risk assessment results, audit findings, corrective action closure rates, employee training completion, incident reports, and annual management review. Findings will be used to improve controls and update due diligence practices.

14. Recordkeeping and Reporting

The Company will maintain records of due diligence activities, supplier assessments, training, reported concerns, investigations, remediation efforts, and corrective actions. Where the Company is subject to statutory reporting obligations, it will prepare and submit required reports within applicable deadlines and ensure that approvals, attestations, and public disclosures are completed in accordance with legal requirements.

15. Non-Compliance

Failure to comply with this policy may result in corrective action, disciplinary action, supplier remediation requirements, suspension of business activity, or termination of employment, contract, or supplier relationship, as applicable and permitted by law.

16. Review and Continuous Improvement

This policy will be reviewed at least annually and updated as necessary to reflect changes in law, business operations, supply chain risk, regulatory guidance, and industry practices. The Company is committed to continuous improvement in its efforts to prevent and reduce the risk of forced labour and child labour.

Document Change History

Rev No.	Date Issued	Description of Change(s)
1.0	June 29, 2026	Initial release