

The *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (2023) (The “**Act**”) Requires certain businesses, government institutions and other entities to publish statements which outline steps taken in the previous financial year to prevent and reduce risks of forced labour or child labour being used in the production or importation of goods in Canada.

Propak Systems Ltd. is publishing this report (“**Report**”) on behalf of itself and its relevant subsidiaries to whom the Act applies (collectively, “**Propak**” or the “**Company**”).

This report has been prepared for the calendar year ended December 31, 2023.

Who we are

Propak is based in Airdrie, Alberta, Canada as a leading name in engineering, design and manufacturing of energy processing facilities and equipment. We conduct our business in gas processing; heavy oil processing; compression and power; standard equipment packages; modular fabrication; as well as energy, services. Our business comprises engineering, procurement, fabrication, construction and leasing services, which operate predominantly in Canada and the United States.

Structure, Activities and Supply Chains

Propak’s supply chain is largely based in North America. We work with many suppliers in Canada and the United States to procure goods and services to support the delivery of our business objectives. Propak’ suppliers range from local businesses through global companies.

Our purchasing department comprises the majority of our import purchases, as it source materials such as carbon steel plate, flat-rolled steel products, beams, channel and pipe for the purposes of fabricating products such as central process facilities and entire plants with gas compression and pipe racks, dehydration units, cryogenic plants, and natural gas equipment packages. The import of this material is due to it not being produced in North America or not being available in sufficient quantities.

Policies and Due Diligence

Policies and Compliance

Propak has policies and standards in place to ensure that we conduct business in a legal and ethical manner. This includes Propak’s Code of Conduct (the “**Code**”) which ensures ethical business practices and compliance with applicable laws and regulations. Propak monitors compliance with the Code and requires all employees to sign and agree to follow the Code at both Propak owned and non-Propak owned sites.

Propak is also working to develop and distribute a Supplier Code of Conduct (the “**Supplier Code**”). The Supplier Code articulates the Company’s expectations with respect to the goods it procures and will ask each supplier to follow and certify its compliance with the Supplier Code. The Supplier Code explicitly prohibits the use of forced labour or child labour practices in the production of goods and services procured by the Company. The Supplier Code also defines



Propak's expectations with respect to compliance with applicable laws, business ethics, environmental impact, conflict minerals, health and safety and human rights.

Propak also retains a confidential and anonymous reporting system, which allows employees to raise concerns under a protection from discrimination, harassment, or reprisal. The Company sets an obligation for employees to report complaints or concerns, including those relating to compliance with Company policies, human rights issues, violations of any applicable government laws, rules or regulations, and any unethical business conduct.

Due Diligence – Propak Operations

Propak's human resources team have strong processes in place for vetting new employees and making sure they are legally entitled to work in Canada or the United States, as applicable. Propak also prides itself in its robust and comprehensive practices for onboarding all new employees, where they are made aware of and confirm their understanding of the Company's standards and policies, including the Code. Propak encourages employees to correspond with their supervisors and managers if they are unsure of the Company's policies or standards. A large portion of Propak's employee force is hired on a permanent and full-time basis.

Propak is also working on developing and implementing an action plan for addressing forced labour or child labour, which will be included in the Code.

Due Diligence – Supply Chain

Propak works to develop strong, long term, and trusting relationships with suppliers who have notable reputations, ethical standards, and reliable business practices.

The Company's procurement personnel manage the due diligence and onboarding process with suppliers, including providing copies of Propak's terms and conditions of purchase. Procurement personnel are also striving to have each supplier accept the Supplier Code as a part of the relationship.

Propak is also working with trusted supply chain partners to address the issue of forced labour and child labour to develop comprehensive and cooperative practices which align with one another and add further protections.

Additionally, many of Propak's sophisticated and experienced customers and suppliers currently maintain their lists of approved supply chain partners, which are based upon their own due diligence and processes to mitigate the risk of forced labour and child labour.

Risk of Forced Labour or Child Labour

Propak Systems Ltd. has assessed its own operations, contracted and subcontracted labour, and its supply chain. Taking into account our policies, procedures and diligence in place, we consider the risk of forced labour or child labour in our supply chain to be low.

Propak acknowledges that there is risk in contracting with third parties as part of a global supply chain and believes the activity that carries the most risk of forced labour or child labour is the purchase of materials from overseas distributors. Propak has implemented policies, procedures and due diligence processes described in this report to mitigate that risk.



Measures to Remediate Forced Labour and Child Labour or to Remediate the Loss of Income of Vulnerable Populations Resulting From Measures Taken to Eliminate Forced Labour and Child Labour in the Supply Chain

Propak Systems Ltd. has not and would not knowingly engage with any supplier who is in violation of fundamental human rights. Propak has taken action to prevent forced labour or child labour or any associated harms from happening. The Company has not taken any further remediation measures at this time.

Training

Propak does not currently have any formal training systems in place with respect to the risk of forced labour or child labour. However, the Company is currently working to develop such a program to be delivered to employees.

Propak employees do receive formal training on the Code, however.

Effectiveness Assessment

Propak recognizes that tackling the risk of forced labour and child labour in supply chains requires an ongoing commitment of time, resources, and awareness amongst all stakeholders. Propak will continue to assess the risk of forced labour and child labour through a regular review of the Company's policies and procedures, as well as taking an active approach in working with suppliers to measure the effectiveness of their actions to address forced labour and child labour, including tracking relevant performance indicators.

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.

A handwritten signature in black ink, appearing to read "Pat Dewey", is written over a horizontal line.

Pat Dewey

President

June 25, 2024

I have the authority to bind Propak Systems Ltd.