



# Markdom International Inc.

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Forced Labour and Child Labour in Supply Chains Company  
Assessment



## Introduction

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This report is Markdom International Inc. and all its subsidiaries (collectively “Markdom”)’s response to Bill S-211, an Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff (“the Act”), sections 11(1) and 11(3). Markdom’s subsidiaries, covered in this report, include the following entities:

- Markdom Holdings Inc. (formerly, QMQ Inc.) (Canada)
- Markdom Plastic Products Limited (Canada)
- MP Tools & Mold Inc. (Canada)
- Markdom Internacional Mexico, S.A. DE. C. V. (Mexico)
- Markdom Componentes De Mexico (Mexico)

Markdom is committed to the protection of human rights in all our business practices and operations. This includes the prevention of human trafficking, forced labour, and child labour in both our internal business practices and supply chain operations.

Markdom satisfies the definition of an Entity within the Act by having a place of business in Canada, doing business in Canada, having assets in Canada, and meeting both the revenue and asset thresholds.

The financial reporting year of Markdom covered by this report is January 1 to December 31, 2023.

## Structure, Activities & Supply Chain

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### Structure

Markdom operates as a private corporation located in Toronto, Ontario, and has subsidiaries in Mexico. Markdom is a leading manufacturer of injection-molded plastics for the automotive and consumer goods industries.

### Activities

Markdom provides a variety of products with our in-house injection mold design and build capabilities, coupled with the latest injection molding process technologies.

Core market differentiators for Markdom include our advanced two-shot injection molding technologies, expertise in tooling, and a proven reputation for building rugged, tight-tolerance parts. In addition to developing small-functioning plastics for the automotive industry, Markdom is in the process of augmenting the firm’s proven engineering expertise towards the consumer goods, electronics, food, and medical industries.

There are a total of 313 employees who work for Markdom across various departments including accounting, engineering, human resources, maintenance, production, program management, office, quality, sales, software systems improvement, and warehouse, etc. Figure 1 illustrates the distribution of Markdom's employees across different locations.

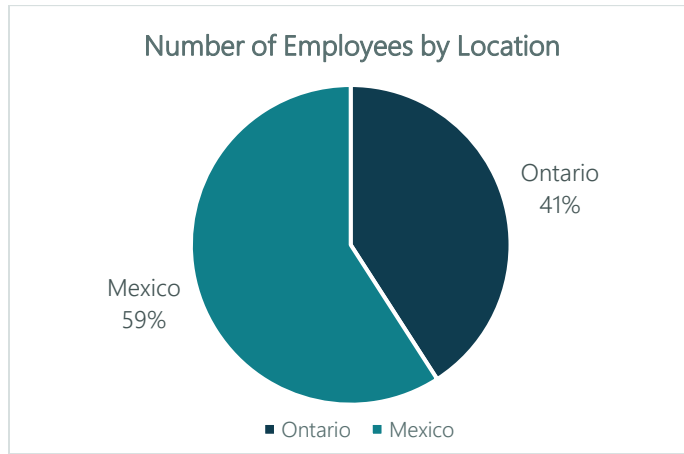


Figure 1. Number of Employees by Location

### Supply Chain

Error! Reference source not found. and Figure 3 present the makeup of Markdom’s supply chain by country. Note, this analysis was performed over material suppliers which, for the purposes of this report, are direct suppliers who account for at least one percent (1%) or more of Markdom’s total procurement spend over the current reporting year. Markdom’s main categories of goods are resins, plastic and cardboard packaging, and metal components such as clips, nuts and bolts, spacers, and compression limiters.

### Markdom (Canada):

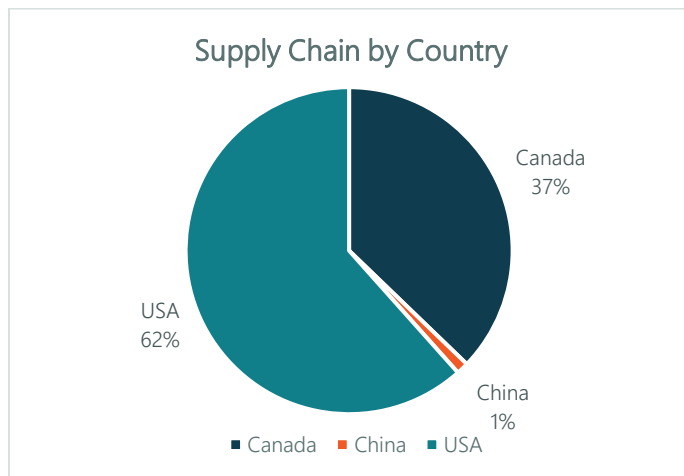


Figure 2. Supply Chain by Country (Canadian Entity)



Markdom (Mexico):

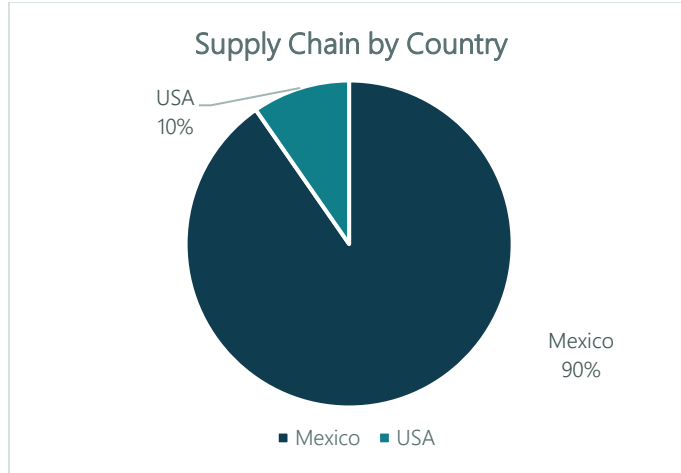


Figure 3. Supply Chain by Country (Mexican Entity)

## Policies & Due Diligence Processes

Markdom has the following policies and due diligence procedures in place to mitigate the risk of child labour and forced labour within internal activities and our supply chain:

### Internal Policies

Markdom has overarching policies that apply to the entire organization and all our subsidiaries. Policies that are common across the subsidiaries include:

Policy	Description	Support in Mitigating Risk of Child Labour and/or Forced Labour
<b>Child and Forced Labour Prevention</b>	Markdom will act professionally, fairly, and with full integrity in carrying out business relations with every employee without giving tolerance to all forms of child labour and forced labour, either directly or indirectly. For transparency purposes, the policy defines the term “child labour” and “forced labour”.	We seek to improve our compliance with Fighting Against Forced Labour and Child Labour in Supply Chains obligations by providing awareness training to staff on Forced Labour and Child Labour and informing them of the appropriate actions to take if they suspect a case of Forced Labour and Child Labour and ensuring that consideration of relevant risks and prevention are included in our policy review process as an employer and



		procurer of goods.
<b>Anti-Corruption and Anti-Bribery</b>	Markdom values ethical business practices and the law. We do not accept or offer any form of bribery. For transparency purposes, this policy defines the term "bribery."	Forced labour and child labour often occur in industries or regions where bribery and corruption are prevalent. By implementing robust anti-bribery and anti-corruption measures, Markdom can reduce the risks of exploitation and abuse faced by vulnerable workers, including children. In addition, preventing bribery and corruption create a transparent business environment where labour rights are respected and enforced.
<b>Health and Safety</b>	Markdom will take all steps to ensure a safe and healthy working environment. All employees are required to cooperate with these efforts to ensure safe working and to report any concerns to the management.	By prioritizing health and safety, we ensure that employees are provided with a secure workplace environment. In such an environment, the risk of exploitation, including forced labour and child labour, is minimized. In addition, emphasizing health and safety also demonstrates broader organizational values and ethical conduct, and transparency within our organization. This transparency can extend to labour practices, making it easier to identify and address any instances of forced labour or child labour.
<b>Human Rights Policy</b>	Markdom is committed to providing equal treatment with respect to employment according to the protected grounds established under the Ontario Human Rights Code.	This policy provides a framework for Markdom to promote equality within our business operations, contributing to reducing the marginalization of certain groups who are more vulnerable to exploitation such as children and at-risk adults. By raising awareness in our organization, we can play a crucial role in advancing the fight against exploitation and abuse in global supply chains.



<p><b>Violence in the Workplace</b></p>	<p>Markdom has zero tolerance for workplace violence. For transparency purposes, this policy defines the acts of violence. Employees must report incidents and/or knowledge of workplace violence and any form of harassment.</p>	<p>Should a harassment incident arise, employees have a responsibility to report it to any Supervisor, Manager, or the Human Resources Department. Markdom will respond promptly to all complaints to resolve them efficiently, confidentially, and fairly. Therefore, like the function of a whistleblower, if an issue were to arise related to forced labour or child labour, this reporting process is a mechanism in place to identify and alert the management of Markdom who then would tend to the resolution efforts.</p>
<p><b>Workplace Harassment</b></p>	<p>Markdom will not tolerate harassment of any employee, vendor, customer, or other visitors by any other employee, supervisor, vendor, customer, or other visitor. For transparency purposes, this policy defines the terms "harassment" and "bullying".</p>	<p>This policy contributes to fostering a workplace culture that prioritizes safety, respect, and dignity for all employees. By establishing clear guidelines on acts of harassment and zero tolerance for workplace harassment and bullying, this policy creates an environment where employees feel safe and empowered to report any instances of misconduct, including suspected cases of child labour or forced labour.</p>
<p><b>Inclusion and Accessibility</b></p>	<p>We are committed to treating people with disabilities in a way that allows them to maintain their dignity and independence and meeting the needs of people with disabilities in a timely manner.</p>	<p>This policy ensures that individuals with disabilities or special needs have equal employment opportunities. By removing barriers from the workplace and providing necessary accommodations, this policy enables individuals to participate fully in the workforce, reducing their vulnerability to exploitation and forced labour.</p>

To reflect acknowledgment and agreement, employees are required to sign off on the identified policies at the time of onboarding and return signed forms to Human Resources.



## Due Diligence Processes

### *Supplier Onboarding*

As part of the supplier onboarding process, upon receiving Markdom's Supplier Code of Conduct, Supplier Performance Expectation, and Supplier Questionnaire, our suppliers are expected to read it thoroughly and return the signed acknowledgment form to the Supply Chain Department at Markdom.

### Supplier Code of Conduct

Markdom's Supplier Code of Conduct explicitly prohibits the use of forced labour and child labour within any facilities or properties associated with the supplier's business operations. Suppliers are obligated to adhere to local minimum working age regulations and must refrain from engaging in any form of child labour or exploitative labour practices. In the event of a violation, Markdom reserves the right to request the removal of persons or persons that committed the transgression, and in this regard, Markdom reserves the right to conduct audits to evaluate the compliance at our discretion.

### Supplier Performance Expectation

Markdom's Supplier Performance Expectation also clearly states that it is the supplier's responsibility to eliminate all forms of forced labour, child labour and/or human trafficking.

### Supplier Questionnaire:

This questionnaire includes specific questions regarding child labour, forced labour, and human trafficking.

Overall, Markdom has several mechanisms in place to thoroughly assess suppliers' adherence to ethical labour practices and their commitment to fighting these violations of human rights. Markdom also collects and tracks responses from our suppliers in a centralized system to understand how the risk of child labour or forced labour affects suppliers. The Supplier Tracking List is reviewed annually.

### *Terms and Conditions*

All vendors are contractually bound by the terms articulated in the Purchase Orders (POs). These POs delineate the terms and conditions, ensuring that suppliers are legally obligated to adhere to the specified terms. All POs include a clause emphasizing compliance with laws and employment/business practices. Specifically, this clause states: "Seller further represents that neither it nor any of its subcontractors, vendors, agents or other associated third parties will utilize child, slave, prisoner or any other form of forced or involuntary labor, or engage in abusive employment or corrupt business practices, in the supply of goods or provision of services under this Contract." This statement underscores our commitment to upholding ethical standards and human rights throughout our supply chain.

### *Recruiting*

From an operational perspective, as a condition of employment, new employees must present documentation establishing their identity and their eligibility to legally work in Canada and all locations at which Markdom operates. New employees must provide Markdom with a valid Social Insurance Number, landed immigrant papers, employment visa, or temporary work permit. This provides Markdom



with an opportunity to detect that all newly hired employees are legally eligible to work in respective locations and are of legal age.

## Supply Chain Risk Assessment

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A risk assessment over Markdom's industry of operation, goods procured, and countries goods are procured from has been performed over direct suppliers. This risk assessment used two separate indices to conclude on the inherent risk of child labour and/or forced labour related to goods and countries - Walk Free's Global Slavery Index and the US Department of Labor's List of Goods Produced by Child Labor or Forced Labor.

### Industry of Operation

Markdom operates within the manufacturing industry. Given the two indices noted above have identified risks of child labour and forced labour inherent to manufacturing, it is concluded that this industry has an inherent risk exposure.

### Goods Procured

While we know that some of our vendors purchase goods from foreign countries, we do not know the full extent of this. We are also aware that we purchase highly finished goods built with multiple materials and that each material may contain a different risk profile for supply chain risks. Therefore, a risk assessment over the goods procured from the suppliers noted above, focusing on the standard materials utilized in the manufacturing of these goods, has been conducted and identified an initial inherent risk of forced labour and/or child labour within the following categories:

1. Glass – material of resin
2. Timber – cardboard packaging
3. Iron – metal clips, nuts and bolts, spacers, and compression limiters
4. Textiles - foams

All other remaining potential materials have a low inherent risk of child labour or forced labour, according to the two indices noted, including:

1. Plastic – material of resin and packaging
2. Crude oil – material of resin
3. Brass – potential material of compression limiters
4. Aluminum – potential material of compression limiters
5. Chromium – potential material of compression limiters
6. Nickel – potential material of compression limiters

### Countries Which Goods Are Procured From

#### Markdom (Canada)

Of the material suppliers, one percent (1%) comes from China. According to the two indices noted above,





China has been identified as a source country that has a higher inherent risk of using both child labour and/or forced labour.

The remaining proportion of suppliers, 99%, are from Canada and the United States of America.

#### Markdom (Mexico)

Of the material suppliers, 90% come from Mexico. According to the two indices noted above, Mexico has been identified as a source country that has a higher inherent risk of using both child labour and/or forced labour.

The remaining proportion of suppliers, 10%, are from the United States of America.

According to the two indices noted above, Canada and the United States have been identified as source countries that have a low inherent risk of using both child labour and/or forced labour. Although Markdom procures the majority of finished goods from reputable vendors that are based out of Canada and the United States, it is unknown to Markdom where these vendors purchase their goods/materials from, which could expose the supply chain to inherent risk related to originating source countries.

## **Remediation of Forced Labour & Child Labour and Vulnerable Family Income Loss**

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Markdom is in the process of understanding and evaluating our supply chain related to the risk of child labour and forced labour. To date, Markdom has not identified instances of the use of child labour or forced labour within our operations or those of suppliers. Markdom is continuing the review of procurement practices to enhance the rigor of our due diligence processes including raising awareness with our suppliers.

## **Awareness Training**

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Markdom does have training in place on the topic of forced labour and child labour, as well as training on other relevant topics. These training modules cover a wide range of topics, including Anti-Bribery and Corruption, Business Ethics, Labour and Human Rights (i.e., Human Trafficking, Forced Labour and Child Labour, and Discrimination in the Workplace), Health and Safety, and Accessibility and Accommodation. By recognizing and addressing these issues, employees become more vigilant and sensitive to signs of exploitation, making it less likely for instances of forced labour and child labour to go unnoticed or unreported. Markdom also tracks the completion of these courses within the system.

When onboarding new employees, part of this process includes reviewing the Employee Handbooks, Code of Conduct and Ethics, and other internal policies to ensure the individual understands the company's standards and expectations. Relevant policies include Child and Forced Labour Prevention, Health and Safety, Anti-Corruption and Anti-Bribery, Human Rights Policy, Violence in the Workplace,



Workplace Harassment, and Inclusion and Accessibility.

## Assessing Effectiveness

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To track Markdom's effectiveness of procedures to mitigate the risk of child labour and forced labour, the following mechanisms are in place:

### Markdom Activities

1. **Total violence, harassment, and child/forced labour incidents** – Markdom has zero tolerance for workplace harassment, discrimination, violence, and unethical labour practices. All claims made regarding the mentioned subjects will be reported to any of Markdom's Supervisors, Manager, or the Human Resources Department. Markdom will conduct a thorough investigation and resolve the issue in a timely manner. This may include disciplinary action up to and including termination of employment and/or legal action if Markdom determines that such behaviour has occurred.
2. **Employee training:** Markdom will continue to track employee training completion metrics to ensure the completeness of mandatory courses.
3. **Governance:** Markdom will continue to monitor and assess compliance with the policies and review identified policies on an as-needed basis.

### Supplier Activities

1. **Supplier Purchase Orders:** Markdom has implemented a clause within our Purchase Orders regarding zero tolerance for child labour and forced labour. This clause identifies the outcome should an instance of child labour or forced labour be reported or discovered by Markdom.
2. **Supplier Questionnaire:** Markdom has implemented a Supplier Questionnaire which includes specific questions regarding child labour and forced labour.
3. **Supplier Monitoring:** Suppliers of Markdom are monitored on a quarterly basis through performance reviews. Record keeping for frequency of reviews and date of last review is kept in a centralized system to ensure these reviews are being performed.
4. **Governance:** each parameter of supplier activities will be reviewed on an as-needed basis.

## Steps Taken to Prevent & Reduce Risk of Child Labour or Forced Labour

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Markdom has taken the following steps to prevent and reduce the risk of child labour or forced labour:

1. **Mapping supply chains:** As part of this report, Markdom has mapped our supply chain to complete a risk assessment to align with the Act.
2. **Conducting an internal assessment of risks of forced labour and/or child labour in the**



**organization's activities and supply chains:** As part of this report, Markdom has identified risks within our activities and supply chain that have inherent risks of child labour and/or forced labour.

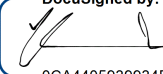
3. **Gathering information on worker recruitment and maintaining internal controls to ensure that all workers are recruited voluntarily:** Human Resources checks new employee information to ensure they are legally permitted to work at Markdom. Future checks will evaluate additional aspects of the recruitment process.
4. **Developing and implementing anti-forced labour and/or -child labour contractual clauses:** Markdom has integrated contractual clauses within our purchase orders related to anti-forced labour and/or child labour.
5. **Developing and implementing anti-forced labour and/or -child labour standards, codes of conduct and/or compliance checklists:** Markdom has integrated anti-forced labour and/or child labour standards/conduct into internal policies and training as well as supplier due diligence procedures (purchase orders, questionnaires, and supplier code of conduct).
6. **Developing and implementing training and awareness materials on forced labour and/or child labour:** Markdom provides training to our employees on the topic of child labour and/or forced labour.
7. **Developing and implementing procedures to track performance in addressing forced labour and/or child labour:** Markdom has identified mechanisms in place relating to assessing the effectiveness of reducing the risk of child labour and forced labour.

## Attestation

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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. This report has been approved by the Board of Directors of Markdom International Inc., the governing body of Markdom International Inc., the entity that controls each entity listed above at page 1.

**Nicola G. Orlando**  
Full Name

DocuSigned by:  
  
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Signature

**President & Chief Executive Officer**      **May 30, 2024**  
Title      Date

I have the authority to bind Markdom International Inc. and this report covers the financial year 2023 and applies to Markdom International Inc. and all entities considered reporting entities in terms of the Act and any controlling subsidiaries of Markdom International Inc. if they apply.