

# FORTNA

## 2023 Report – Introduction

This report has been prepared jointly by Material Handling Systems, Inc. and Fortna Canada Corp., both of which are subsidiaries of Fortna Group, Inc. (collectively, “FORTNA”) in response to the reporting requirements under Canada’s Fighting Against Forced Labour and Child Labour in Supply Chains Act (the “Act”) for the financial year ending December 31, 2023. FORTNA is committed to respecting the human rights of people impacted by our operations and supply chain.

## Organizational Structure

FORTNA is comprised of a global group of companies and operates in the following countries – United States, Canada, Mexico, Austria, China, Czech Republic, Germany, Italy, Netherlands, Poland, South Africa, United Kingdom, and Vietnam. FORTNA designs, develops, and delivers intelligent software and automated material handling systems for parcel, distribution and fulfillment operations. FORTNA manufactures certain components of the material handling systems it designs and delivers. FORTNA has approximately 2,500 employees and its headquarters is in Atlanta, Georgia. FORTNA is a privately held company.

## Organizational Activities

FORTNA designs, develops, installs, and provides ongoing service and maintenance support for material handling systems for parcel, distribution and fulfillment operations. Some FORTNA companies manufacture or assemble certain components of the material handling systems, including conveyors, sorters, and/or certain parts at its facilities in Louisville, Kentucky.<sup>1</sup> Material Handling Systems, Inc. imports some of these products into Canada to support FORTNA projects operated by Fortna Canada Corp. and to sell to third-party purchasers located in Canada.

## Supply Chain

FORTNA procures a range of goods and services that support the design, development, installation, and servicing of material handling systems. The primary goods FORTNA purchases are products that are part of material handling systems, such as automated guided vehicles (AGVs) and racks. The primary services FORTNA purchases are services related to the installation of material handling systems, such as mechanical and electrical engineering services.

## Efforts to Prevent and Reduce Risk of Forced Labour and Child Labour

In our financial year ending December 31, 2023, FORTNA has taken the following steps to prevent and reduce the risks of forced labour and child labour in our operations and supply chain:

- Developing and implementing anti-forced labour and anti-child labour standards via its Global Code of Ethics and Business Conduct (“Code”) and its Supplier Code of Conduct (“Supplier Code”);

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<sup>1</sup> FORTNA is in the process of moving its manufacturing operations in Norton Shores/Walker, Michigan to Louisville, Kentucky.

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- Developing and implementing anti-forced labour and anti-child labour contractual clauses for our direct suppliers;
- Developing and implementing mechanisms for reporting and investigating complaints or concerns about forced labour and child labour, including FORTNA's Compliance & Ethics Hotline ("Hotline");

## **Policies and Due Diligence**

FORTNA embeds responsible business conduct into our governance structure, policies, and risk management processes.

### **Governance**

FORTNA is committed to strong corporate governance and has established roles that are responsible for overseeing compliance with applicable laws and regulations, including compliance with forced labour and child labour laws and regulations. FORTNA's Legal & Compliance group is responsible for identifying and managing the risks associated with FORTNA's business, including the risks associated with forced labour and child labour. FORTNA's Legal & Compliance group also oversees and administers the Hotline, which also serves as the company's whistleblower hotline.

### **Policies**

FORTNA's Code and Supplier Code affirm FORTNA's commitment to uphold high moral and ethical principles and specify the basic norms of behaviour for those conducting business on FORTNA's behalf. Specifically, both expressly prohibit forced labour and exploitation of child labour. All employees are required to review and acknowledge the Code upon hire and annually and/or as the Code is updated. Compliance with the Supplier Code is a standard term in all contracts with suppliers and contracts with suppliers require compliance with all applicable laws.

### **Due Diligence**

FORTNA is in the process of integrating the operations of two businesses that merged in 2022 to form FORTNA. As part of this integration, we are combining the procurement functions from each of the business to form a centralized procurement function that will utilize a vendor qualification process to evaluate suppliers and confirm that they meet FORTNA standards, including compliance with anti-slavery, forced labour and child labour laws. We expect this centralization to be completed within the next twelve months.

### **Forced Labour and Child Labour Risk**

FORTNA's operations are located in primarily low-risk jurisdictions, based on assessment using a Conflict-Affected and High-Risk Area (CAHRA) tool that uses country-level data indicators spanning multiple topics, including forced labour and child labour. To date, our approach to identifying the risks of forced labour and child labour has focused on the locations we operate in, which is primarily where our suppliers are located.

### **Remediation Measures/Remediation of Loss of Income**

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In addition to FORTNA's Code and Supplier Code, which set expectations regarding forced labour and child labour, FORTNA has a Compliance & Ethics Hotline and Speak Up Policy ("Hotline Policy"). The Hotline Policy encourages employees to raise concerns about potential Code and other violations and provides employees with information on how to report concerns, including via the Hotline. The Hotline is operated by a third party and all reports to the Hotline go directly to FORTNA's Legal & Compliance group for review and investigation. To date, FORTNA has not received any complaints relating to forced labour or child labour in our operations or supply chain, and as such has not had to take any remediation measures or remediation of loss of income to families as a result of forced labour or child labour.

## Employee Training

FORTNA requires employees to review and acknowledge the Code and the Hotline Policy annually and/or as it is updated. FORTNA also requires employees to do training from time to time on topics covered in the Code and plans to roll out training on forced labour and child labour to all employees globally in Q4 2024. The training will provide an overview of anti-slavery/forced labour/child labour, common indicators of risk, how to identify forced labour and child labour, and what to do if they suspect an issue or violation. The training will be delivered through FORTNA's Learning Management System and FORTNA will track completion and follow up with employees and their supervisors if the training is not completed within the allocated time frame (i.e. by year-end).

## Approval

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 Material Handling Systems, Inc. and Fortna Canada Corp. 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 Material Handling Systems, Inc. and Fortna Canada Corp.

DocuSigned by:



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Rob McKeel

Director

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Kathleen Phelps

Director