

SKYWAY CANADA LIMITED

Forced Labour in Canadian Supply Chains

REPORT - May 28, 2024

Bill S-211 Content Package

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Introduction

The following Report has been drafted by Skyway Canada Limited ("Skyway") in alignment with section 11 of Bill S-211("Act") for the financial year ending December 31st, 2023. The entity covered by this report is Skyway Canada Limited (Business Number: 104884804), located at 170 Claireville Drive, Toronto, ON, M9W 5Y3.

Skyway upholds its commitment to ethical business practices in every aspect of its operations. In line with the Act, this Report outlines the measures Skyway has implemented to identify and mitigate risks associated with child labour and forced labour within its operating activities and throughout its supply chains.

Skyway meets the definition of reporting entity under the Act by having a place of business in Canada, doing business in Canada, having assets in Canada, as well as for processing goods within Canada and importing goods into Canada. In addition, Skyway meets two out of the three size-related criteria for revenue and assets.

Section A: Structure, Activities, and Supply Chains

Skyway operates as a Canadian entity headquartered in the city of Toronto and operates out of various branches across Canada spanning from Atlantic to Western Canada.

Skyway has operated for over fifty five years and is presently a multi-service solution provider to the industrial and commercial construction and maintenance industries. Skyway's primary capabilities are as a scaffolding, shoring and concrete forming provider, but has expanded its offerings to include industrial insulation, rope access services as well as industrial fireproofing and coating. Skyway's supply chain framework is outlined and detailed within this Report.

Skyway is subsidiary of Apache IS Holding, LLC, incorporated pursuant to the laws of Delaware and headquartered in Houston, Texas. Skyway's daily activities is overseen by its President and Senior Vice President. An eastern and western Vice President oversee Skyway's business activities in eastern and western Canada and report to the Senior Vice President. The Senior Vice President reports to the President, who then reports to Skyway's Board of Directors and the CEO of Apache IS Holding, LLC Board of Directors, located in Houston Texas.

This Report is submitted for a single entity and not a joint report. Skyway does not report under the legislation of other jurisdictions.

Section B: Policies and Due Diligence Processes

Skyway upholds moral principles across all operations and within its supply chain as a fundamental principle. Skyway's commitment to ethical conduct and focus on fostering dependable supplier relationships serves as an inherent preventive measure against risks such as forced labour, child labour, and other unethical practices within our operational and supply networks.

Skyway's commitment to reducing and eliminating the risks associated with child and forced labour has been a cornerstone of its corporate platform. Existing policies and due diligence processes have been strengthened and demonstrate Skyway's steadfast commitment to enhancing its policies and due diligence procedures. Skyway has begun the process of gathering the details of its worker recruitment and the maintenance of internal control within its supply chain and affiliated partners. Furthermore, Skyway has also augmented its

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policies and protocols for identifying, addressing, and prohibiting the use of forced or child labour within the organization's activities and supply chains with particular focus on the implementation of child protection policies. Skyway has continued to develop and implement awareness training and maintain resource materials on forced and child labour. Skyway has also begun to systematically engage with all supply chain partners to address issues related to forced and child labour.

Additionally, Skyway has strengthened its "Child labour and Forced Labour Prevention Policy" and commenced the process of developing an organizational code of conduct policy to prevent and provide guidance on addressing forced and child labour within its operations, as well as provide control practices and guidelines for protecting young employees and any identified child labour. The intent of these policies include:

- Prevention of child and forced labour throughout its operations;
- Provide training and guidance to team members in the identification of child or forced labor situations; and
- Provide control protocols, practices and guidelines to protect identified exploited child and forced workers

The policies were prepared in accordance with the International Labor Organization's conventions. The policies look at age and working conditions in accordance with base standards and in the context of local laws. The policies incorporate a proactive prevention strategy. The implementation of the policies have been communicated to all team members and links in the supply chains. In order to ensure a robust and dynamic response, monitoring and audit protocols have been put into place to ensure that the elimination and prevention of child and forced labour practices remain an essential priority in SKYWAY's business practices.

Parts of Business and Supply Chains Carrying Risk of Forced/Child Labor and Steps taken to Assess and Manage Risk

Skyway has reviewed its operations and sought to identify potential risks in its manufacturing, processing and importation activities.

The manufacturing and processing activities undertaken by Skyway are limited to the application of rubber nailing strips to beams and the application of fire retardant coating to structural components. These activities are undertaken in Canada by Skyway where the implementation of its policies prevent and eliminate the risk of child or forced labor.

Skyway's direct importation of goods is limited. SKYWAY imports goods mainly from third party customs brokers importers of record. Skyway has identified three foreign manufacturers, from which it imports products, and advised them of Skyway's policies with respect to the prevention and elimination of child and forced labour. Based on the responses Skyway received, Skyway does not harbour any concern as regards to child or forced labour.

Skyway has trained its team members to identify potential risks to the elimination and prevention of child and forced labor. Team members have implemented a program to monitor and assess risks to the prevention and elimination of child and forced labor both within domestic operations and from supply chains.

STEPS TAKEN TO PREVENT and REDUCE RISKS of FORCED LABOR/CHILD LABOR (s.11(1) of the Act)

Skyway Canada Limited has taken steps to prevent and reduce the risks of forced labour and child labour. These steps include:

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1. Review of manufacturing facilities and process in Canada.
 - a. Identification of facilities which manufacture or process goods;
 - b. Review protocols in the manufacture and process of goods;
 - c. Assess whether the manufacture or process of goods carry the risk of forced labor or child labor;
 - d. Assess the risks that the component parts in the manufacture or process of goods carry the risk of forced labour or child labour
 - e. Speak to the individual Skyway supervisors overseeing the manufacturing or processing to ensure that they are aware of the risks of forced labour or child labor
 - f. Provide training to all managers on the identification, assessment and prevention or reduction of risk associated with forced labor or child labor.

2. Review of importation of goods from foreign countries.
 - a. Identification of imported goods;
 - b. Review protocols in the importation of goods;
 - c. Assess whether the importation of goods carry the risk of forced labor or child labor;
 - d. Assess the risks that the component parts in the importation of goods carry the risk of forced labour or child labour;
 - e. Engage with foreign suppliers to ensure that they are aware of the risks of forced labour or child labor and understand that Skyway's policies on the issues; and
 - f. Provide training to all Skyway managers that import goods on the identification, assessment and prevention or reduction of risk associated with forced labor or child labor.

The following are some of the preventative strategies currently being updated to further ensure the prevention and elimination of child labour within Skyway's operations:

1. *Third Party recruiting agencies are engaged to pre-screen and vet potential candidates;*
2. *Provision of multiple written documents and affidavits which present valid identifications issued by an official authority;*
3. *Detailed interviews with employees and applicants who appear to be too young;*
4. *Certificate of completion of the last education for those above the minimum age; and*
5. *Continuously monitor and provide information to shareholders and potential investors regarding ethical business practices including prevention of forced labour as part of commitment to operate a sustainable business.*

The following are some of the preventative strategies currently being considered to further ensure the prevention and elimination of forced labour within our operations:

1. *Continuously monitor and provide information to shareholders and potential investors regarding ethical business practices including prevention of forced Labour as part of commitment to operate a sustainable business.*
2. *Ensure that all employees have written contracts, specifying employee's rights with regards to payment of wages, overtime, retention of identity documents, and other issues related to preventing forced labour.*

Implementation Plan:

1. Policies are available on Skyway's website and communicated to all employees.
2. Employment contracts including all relevant details of the employees, including age, are maintained in Skyway's Corporate Human Resource Office and are open to verification by any authorized personnel or relevant statutory body.

Responsibility Guidelines:

1. **Employees:** Each employee is responsible for complying with this policy and for disclosing any known violations of this policy to their manager and or Corporate, Human Resources.
2. **Managers:** All managers are responsible for complying with this policy and applicable Child Labour laws and disclosing any known violations of this policy.
3. **The Company / Amendment:** Skyway Canada Limited, will continuously seek to make this Policy as relevant and as effective as possible. To that effect, Skyway Canada Limited may amend this Policy from time to time. Skyway Canada reserves the right to change this Policy at any time without notice.

Planned Employee Training Modules:

- Chapter 1: Modern Slavery (Labour Exploitation)
- Chapter 2: Introduction to Forced Labour
- Chapter 3: Psychological Signs of Forced Labour
- Chapter 4: Systematic Signs of Forced Labour
- Chapter 5: Response & Remediation
- Chapter 6: Conclusion to Forced Labour

In conjunction with these updated policies, Skyway has also begun the development of a modern slavery questionnaire to share with all supply chain partners. This questionnaire requests the following information from suppliers for our assessment of their adherence to the Act:

1. Supplier Contact Details;
2. Assessment of whether the supplier is required to comply with the Act or a law from the country or origin;
3. Details of business operations;
4. Details of the controls and policies regarding managing the risk of forced and child labour;
5. Details of any employee training policies regarding identifying, assessing, and responding to the risks of forced and child labour;
6. Engagement level with existing suppliers to prevent and manage the risks of forced or child labour; and
7. Level of engagement with existing suppliers to respond to the risks of forced or child labour.

Skyway is focused on improving its due diligence processes to reduce the risk of forced and child labour in its supply chain. The outlined current efforts, along with other measures detailed in this report, highlight Skyway's ongoing commitment to maintaining ethical labour practices and promoting a responsible and sustainable supply chain. The due diligence activities, including an extensive risk assessment described in Section C, further exemplify this focus.

Section C - Forced Labour and Child Labour Risks

In the previous fiscal year, Skyway had begun the implement of policies and protocols to identify and manage risks related to the prevention and elimination of child labour and forced labour in its operations. In response

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to the Act, Skyway has started the process to identify possible instances of forced or child labour within its supply chain. Skyway recently carried out an extensive risk assessment guided by information from the Walk Free Global Slavery Index, the OECD Due Diligence Guidance for Responsible Business Conduct, and the US Department of Labour's List of Goods Produced by Child Labour or Forced Labour. This comprehensive examination revealed potential risks in certain geographical regions.

This risk assessment initiative did not assume the presence of forced or child labour within Skyway's operations or supply chains. Rather, it aims to identify potential situations where such risks might arise, enabling Skyway to proactively implement effective preventive measures. Skyway's assessment acknowledges the widespread risk of forced and child labour across industries and recognizes vulnerabilities within particular sectors of its supply chain, especially in regions with less stringent regulatory frameworks and enforcement.

The analysis concentrated on specific geographic regions identified by the Walk Free Global Slavery Index and other credible sources as having a higher risk of forced and child labour practices. This geographical risk evaluation was combined with an assessment of categories of goods considered at risk according to US Department of Labour's List of Goods Produced by Child Labour or Forced Labour, thus improving the overall accuracy of our risk assessment.

Risk Assessment Findings

Through the application of the analysis, Skyway identified its suppliers in four countries – Canada, United Kingdom, India, and China. All import countries within its supply chain present a low risk in terms of prevalence of modern slavery, according to the Walk Free Global Slavery Index, with the exclusion of India which presents a medium risk in this regard.

Skyway reviewed information from the US Department of Labour's List of Goods Produced by Child Labour or Forced Labour. This analysis is essential for identifying specific items within our import portfolio that might be vulnerable to the use of forced or child labour. After comparing this data with our imported goods, Skyway did not find any products indicating an increased risk of forced or child labour practices.

To conclude, Skyway's risk assessment findings suggest limited exposure to forced labour and child labour risks in its supply chain. However, this does not lessen Skyway's commitment to identifying and addressing these risks through its established risk management protocols and policies. In the event of identifying any related risks, Skyway will look to allocate additional resources and efforts to improve the mitigation and management of forced and child labour risks.

Section D - Remediation Measures

While there were limited policies and processes to identify instances of forced or child labour in the previous fiscal year, Skyway recently confirmed that there are currently no identified instances of forced or child labour in its operations and supply chains. Consequently, no remedial measures were implemented in the previous fiscal year and are not necessary in the current fiscal year. In accordance with the United Nations Guiding Principles on Business and Human Rights, Skyway emphasizes the importance of establishing proactive and effective remedial measures.

Although Skyway has not identified any occurrences of forced or child labour, it continues to be attentive and aims to be proactive. If any such issues were to arise, Skyway is prepared to respond promptly with necessary actions, including conducting prompt investigations and implementing corrective measures. Understanding the complexities within global supply chains, Skyway is committed to working closely with its suppliers through regular audits and continuous engagement to administer effective remedial actions.

Section E - Remediation of Loss of Income

In the previous fiscal year, no instances of forced or child labour were identified within Skyway's operations or supply chains. Following an extensive risk assessment, Skyway has determined that the risk of forced or

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child labour in its supply chain is relatively low. Therefore, no measures have been implemented to mitigate income loss among vulnerable individuals and or communities.

Skyway acknowledges the significance of being prepared to act promptly and effectively in the event of any such issues. If Skyway's efforts to eliminate forced or child labour impacts the income of vulnerable families, Skyway will implement suitable remedial measures. Skyway's approach will focus on engagement rather than withdrawal, demonstrating its commitment to having a positive impact on affected communities.

Section F - Training

In the previous fiscal year, Skyway Canada Ltd. had limited training procedures for the workforce as regards to forced or child labour in the supply chain.

Recently, Skyway has augmented its training procedures for all employees to gain awareness of recognizing forced and child labour within the supply chain. This augmented training has commenced and will not only be mandatory for all current and newly onboarded employees but will also be regularly reviewed and further updated across the organization. Skyway's mission is to establish a supply chain and workforce that jointly prioritize vigilance and proactive efforts to prevent occurrences of forced and child labour.

The training programs includes instructional videos and training seminars. All of Skyway's team members have reviewed the instructional videos. Skyway's managers have been trained in the identification, monitoring and evaluation of risks to the prevention and elimination of child and forced labor practices and have been empowered to assist team members in developing awareness to these risks in their daily activities.

Section G - Assessing Effectiveness

Existing policies, procedures and protocols to evaluate the effectiveness of preventing forced labour and child labour in Skyway's operations and supply chains has been strengthened and Skyway's dedication remains resolute. Skyway is committed to implementing more robust measures in response to arising concerns or evolving industry standards.

Skyway is considering the adoption of key performance indicators (KPIs) to benchmark our performance in this domain through quantifiable targets. These metrics may include percentage of suppliers undergoing comprehensive risk assessments, the frequency of staff training sessions on ethical labour practices, the level of adherence to regulatory standards across the supply chain, etc.

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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.

Stephen R Hillier

Chief Executive Officer

May 29, 2024

A handwritten signature in black ink, appearing to read 'S. Hillier', with a small mark below it.

* I have the authority to bind Skyway Canada Limited