



BILL S-211 STATEMENT

2024 REPORT

Fighting Against Forced Labour and Child Labour in Supply Chains Act

2024 Report – Introduction

This report has been prepared by A.T.S. Container Services Inc. (“A.T.S.”) in response to the requirements set forth in Canada’s *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the Act) for its financial year ending October 31, 2023 (the “Reporting Period”).

A.T.S. container is committed to promoting labour practices that protect the human rights of workers, including preventing and mitigating the risks of forced labour and child labour in our operations and supply chains. A.T.S. acknowledge their responsibility to respect human rights and avoid complicity in human rights abuses.

Organizational structure, activities, and supply chain

Structure

A.T.S. is a family-run business incorporated under the *Quebec Business Corporation Act*. Founded in 1992, A.T.S. is a supplier of shipping containers in Canada.

Its head office is located Montreal in the province of Quebec, Canada. It also has several sites throughout Canada, more specifically, in Toronto, Edmonton, Calgary, Saskatoon, Regina, and Winnipeg where it does its activities.

Activities

A.T.S. activities are the sale, rental and modification of shipping containers for both businesses and individuals for the purpose of portable storage. The company's activities are concentrated in Canada. Its customers are diverse and include industrial, commercial and retail businesses as well as private individuals. The shipping containers available for sale, rental or modification by A.T.S. include new and used shipping containers.

Supply chain

In terms of its supply chain, A.T.S. maintains long-standing business relationships with a limited number of suppliers of containers and materials, notably for the manufacture or supply of the following products:

- Used shipping containers;
- New shipping containers;
- Raw materials;

Used shipping containers:

Used shipping containers sold, leased or modified to A.T.S.’s clients, are purchased from suppliers that are internationally recognized and represent a major part of the shipping industry. These suppliers handle the manufacturing, the shipping and delivery of the used shipping containers to A.T.S. facilities. As such A.T.S. does not act as an importer in this case.

New shipping containers:

New shipping containers sold, leased or modified to A.T.S.'s clients are manufactured by international leaders in the industry based in China, with whom A.T.S. has long-standing business relationships with. During the manufacturing process, A.T.S. collaborates directly with suppliers who act as intermediaries between A.T.S. and the manufacturers. All stages are entirely controlled by A.T.S.' suppliers, which are responsible for the development, the manufacturing, the shipping and the delivery of shipping containers to A.T.S. facilities.

Raw materials:

The raw materials used by A.T.S. to modify containers (e.g.: industrial man doors, windows, paint, shop supplies, small welding supplies) are mainly purchased from local suppliers based in Quebec or Canada. Occasionally, A.T.S. imports some raw materials directly from a supplier located in the USA. The company's visibility on the origin of the components of said products is limited.

Steps to prevent and reduce the risks of forced labour and child labour

In its financial year ending October 31, 2023, A.T.S. took the following steps to prevent and reduce the risks of forced labour or child labour in its operations and supply chain:

- Implementing and enforcing its policies and procedures listed below concerning A.T.S. employees and activities.
- Application of a supervised onboarding process for its new employees including, training about the company, standard order processing and policies and advice on the risks associated with their activities.
- Start implementing a due diligence process in which its strategic suppliers are questioned on their risk management practices pertaining to forced labour and child labour.

Further details on these activities are provided in the following sections of this report.

Policies and due diligence processes

A.T.S. acknowledges the importance of the well-being of its employees. It promotes values such as respect, equality, and fairness, and is committed to ensuring that its employees work in a safe and healthy environment.

The due diligence policies and procedures set out below are those applied by A.T.S. to prevent and mitigate the risks associated with the use of forced or child labor in its operations and supply chain. Internal controls are revised regularly by the top management.

Harassment Policy

A.T.S. has established health and safety programs to ensure compliance with applicable safety, human rights, and employment standards laws at its operational sites. This includes its *Policy for the prevention of psychological and sexual harassment in the workplace and complaint handling mechanism*, which prohibits all forms of psychological, sexual, or discriminatory harassment in its establishment. This policy also sets out a process to manage quickly and effectively any harassment complaints that may arise. Assistance mechanisms are also offered to people who are victims of harassment (ex: schedule changes or suspension with pay pending corrective measures). This policy applies to all A.T.S. employees and suppliers of goods or services. All A.T.S. employees must certify in writing that they have read the policy and they undertake to respect it. Disciplinary actions will be taken against anyone who violates this policy.

Supply chain due diligence measures

Regarding its supply chain, A.T.S. recognizes the crucial importance of promoting ethical practices that respect its employees' rights.

For this purpose, A.T.S. has undertaken a due diligence process in which it has questioned all its strategic suppliers (representing the greatest proportion of expenditure) on their policies and practices to fight forced labor and child labor. All of its suppliers have policies and due diligence processes in place to fight forced and child labor in their operations and supply chain. Among the practices observed:

- The undertaking to comply with all applicable labor laws and regulations within their jurisdiction.
- The undertaking to refrain from conducting business with suppliers suspected of using forced labor or child labor in their activities.
- Monitoring of the supply chain of their foreign suppliers through interviews and on-site audits.
- Implementation of a code of conduct for their vendors which includes their obligation to respect human rights.
- Establishment of a whistle-blowing hotline.

A.T.S. maintains long-term relationships with all its suppliers. These suppliers tend to be large, well-established international companies. As a distributor of products manufactured by these companies, A.T.S. has little leverage to impact their approach to forced and child labour and must rely on their systems and processes in this respect.

Nevertheless, A.T.S. works with Chinese-based suppliers who employ independent inspection companies for all new shipping container production. The inspection process starts prior to production and involves meetings with the production team and final checks on materials. During production, a variety of quality checks are made throughout the process and reports with photographs are issued throughout the production process and are made available to A.T.S. This continuity in the supervision of operations gives A.T.S. an overview of business practices throughout its supply chain and enables it to rely on transparent and rigorous communication mechanisms.

The organization has not planned or implemented any other specific processes for the prevention and mitigation of forced labor and child labor in its supply chain. However, if issues of forced labor or child labor were raised within its supply chain, A.T.S. commits to implementing the required measures to avoid procurement practices that could involve forced labor or child labor.

Forced labour and child labour risk

As for the employees of A.T.S., they enter into an employment contract and are hired directly in Canada on a permanent basis, in accordance with all applicable standards, laws, and regulations regarding health and safety at work. As a result, the risks of forced or child labor in the day-to-day operations of A.T.S. are low.

In the context of its business relationships with its suppliers, A.T.S. has not identified any risks of forced labor or child labor. However, A.T.S. acknowledges that it does not have visibility over the components and raw materials used to manufacture the used and new containers it purchases. Furthermore, it also acknowledges that it does not have visibility over its suppliers' supply chain beyond the information provided by them. However, A.T.S. prioritizes business relationships with local suppliers, particularly to purchase products and materials it needs to modify its containers. It only deals with foreign suppliers either because they are the only ones in the world to manufacture the products it needs (e.g.: shipping containers), or because they are internationally recognized in their field.

Remediation measures and remediation of loss of income

A.T.S. encourages the reporting of any breaches of its policies and has established a formal reporting and investigation process of human rights violations in their operations. In the event of this kind of violation, measures are in place to stop or prevent, and support is offered to victims through its complaint filing and handling process and its assistance mechanisms mentioned above.

To date, A.T.S. has not received any complaints relating to forced labour or child labour in its operations or supply chain, and as such has not taken any substantive remediation measures or remediation of loss of income to families as a result of forced labour or child labour.

Employee training

A.T.S. provides to its new employees an onboarding training adapted to their positions including support from a senior employee during the first 4 to 6 weeks of their employment. A.T.S. tracks training for all new employees and all of them must formally commit to respecting its ethical policies and procedures by submitting their signature to confirm that they are aware of them.

Regularly, employees are expected to participate in additional training sessions to reinforce their understanding of the relevant ethics policies and the potential risks associated with their responsibilities. Furthermore, management organizes informal meetings to discuss about different topics including their concerns.

As of October 31st, 2023, A.T.S. has not provided trainings to its employees that specifically addresses forced labour or child labour to raise them awareness of forced labor and child labor in its supply chain.

Assessing effectiveness

A.T.S. has not yet developed formal measures to assess the effectiveness of our approach to preventing and mitigating the risks of forced labour and child labour in our supply chains.

Approval and 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.

Dated in the City of Montreal, Quebec, this 30th day of May, 2024.

S Paoliello

S. Paoliello, Director

I have the authority to bind A.T.S. Container Services Inc.