

May 28, 2024

HAAKON INDUSTRIES (CANADA) LTD
BILL S-211 REPORT

An Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff

For the fiscal year ended February 29, 2024

Haakon Industries (Canada) Ltd: Bill S-211 Report

Haakon Industries (Canada) Ltd (“the Company”) is a privately-owned Canadian company that manufactures custom air handling units for distribution in Canada and the United States. Haakon and its divisions employ approximately 280 employees in Canada. The Company is committed to conducting business in adherence with the highest standards of integrity, responsibility and ethical behaviour, and this extends to the Company’s commitment to protecting human rights and responsible labour practices. The Company is committed to ensuring its operations and supply chain partners uphold these commitments to human rights, including preventing forced labour and child labour.

The Company sources a variety of raw materials for the manufacture of its units, primarily steel and aluminum, which are readily available from a variety of suppliers and brokers based in North America.

Addressing Child Labour and Forced Labour

The Company is committed to employment practices in compliance with the ethical and legal standards of Canada. The Company expects its North American suppliers to share and uphold these same commitments across their business operations as well. Further, the Company expects its suppliers to cascade these expectations through their supply chains, including to raw material and component suppliers.

Forced Labour

The Company is entirely situated in Canada and vigorously adheres to all federal, provincial and state labour laws. All workers across the Company’s operations and its suppliers’ operations, must work under voluntary conditions. The Company and its suppliers will not use any form of forced or involuntary labour, including prison labour, indentured labour, bonded labour, military labour, slave labour or any form of human trafficking.

Child Labour

Any use of child labour that contravenes local labour laws within the Company’s operations or by the

Company's suppliers is strictly prohibited. Executive and local management is responsible for ensuring that child labour does not occur at any of the Company's locations and managing the risk of child labour in the Company's supply chain relationships.

Governance, Accountability and Remediation

The Company's governance structure ensures that its policies related to forced and child labour are effective. Its small group of executives regularly visit its operational facility based in Kingston, Ontario.

The Company's Operations

The Company's executives ensure an appropriate standard of conduct is upheld with all employees in each of the Company's operating facilities. Violations of the Company's policies will result in the Company taking effective remedial actions, such as disciplinary actions up to and including termination. All employees are presented and sign a code of conduct at the commencement of employment, which details the steps for whistleblowing and being aware to report any suspicious activity directly to HR administrators or company executives.

The Company assesses risks of forced labour or child labour across its supply chain, and determines priorities based on areas of highest risk. The Company's operations reside wholly in North America, and all of its suppliers are based in North America. The Company assesses its risk of exposure to forced labour or child labour in its supply chain as extremely remote.

The Company's Suppliers

100% of Haakon's suppliers and service providers are based in Canada or the United States. We believe this significantly mitigates the risk any of the Company's direct suppliers are engaging in any method of illegal labour practices in these jurisdictions. Purchasers are required to receive executive approval for any purchase made outside of Canada or the United States, and immediately escalate any concerns about forced labour or child labour which might be occurring at their direct suppliers to executive management. If a supplier is determined to be in violation of any local labour laws of Canada or the United States, the Company will work with suppliers in violation and implement a plan for remediation. However, if a supplier is either unwilling or fails to make necessary changes to their practices, the Company will cease its relationship with that supplier.

Governance

The Company has several mitigating factors in place to ensure compliance with its policies and to continue mitigating the risk of forced and child labour being used in the Company's operations and supply chains. The Company only has 3 locations in Canada – Richmond and Whistler, BC, and Kingston Ontario. Executive management is based in Richmond and regularly visits the manufacturing facility in Kingston, Ontario. Its purchasers understand that only North American-based suppliers are to be used.

The Company remains committed to preventing child labour and forced labour within the Company's operations and by its suppliers. The Company is committed to engaging with its employees, suppliers and stakeholders on these concerns and continues to fortify its approach to reducing the risks

associated with forced or child labour in the Company's business and supply chains, while ensuring compliance with applicable labour laws.

Reporting entity's legal name: Haakon Industries (Canada) Ltd
Financial reporting year: Fiscal Year-Ended February 29, 2024

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.

I have the authority to bind Haakon Industries (Canada) Ltd.

Date: May 28, 2024



Mr. Robert Hole
General Manager