



Fighting against forced labour and child labour in supply chains report

May 31, 2024

About this Report

Modern slavery refers to forms of contemporary slavery, such as forced or compulsory labour, child labour, human trafficking or any other internationally recognized exploitative labour practices. It is a significant global issue impacting different industries, sectors and geographic locations. The Canadian government has committed to preventing and reducing these risks and has established legislation to require certain entities to report on the measures taken in this regard.

IKO Enterprises Limited ("IKO", "the Company" or "it") recognizes that modern slavery, including forced labour and child labour, is a complex issue that can exist in a variety of forms through global supply chains. IKO recognizes it has an important role to play in safeguarding the rights of its workers, advancing its supply chain transparency, and mitigating the risks of modern slavery.

As a company that has been in operation for more than 60 years, IKO has remained firmly rooted in its foundational values, entrepreneurial spirit and commitment to quality. The company maintains its fierce independence and adheres to its belief in the importance of controlling the raw materials used in its manufacturing processes; a practice known as "vertical integration".

Scope, Definitions and Boundaries

This joint report is provided in relation to Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "Act") and related guidance from Public Safety Canada, for the reporting period of January 1, 2023, to December 31, 2023. The Report outlines the steps IKO and its subsidiaries have taken for the reporting period related to the prevention and detection of modern slavery, within its activities and supply chain.

This report has been prepared on behalf of **IKO Enterprises Ltd.** as the main reporting entity and the direct and indirect subsidiaries noted below:

- IKO Sales Limited
- IKO Industries Ltd.
- CanRoof Corporation Inc.
- IG Machine and Fibers Ltd.

For the purpose of this report, the terms "IKO Enterprises Ltd." "IKO" "the Company", or "it" may be used interchangeably to refer to the business.

Our Structures, Activities and Supply Chains

Business and structure

IKO is a leader in the manufacturing and distribution of residential and commercial roofing, waterproofing and insulation products. The private, family-owned, Canadian Company offers a diverse range of products, including asphalt shingles, roofing membranes, insulation, and related roofing accessories, all designed to meet the needs of homeowners, commercial, and industrial markets in North America and Europe.

IKO's corporate offices are in North York, Ontario, Canada, and is home to its corporate functions and the executive team. There are currently 9 manufacturing plants and facilities supplying finished goods and raw materials. IKO's manufacturing facilities don't operate in isolation; they collaborate to ensure their processes and technologies are aligned. Each division and manufacturing plant strictly adheres to the Company's founding principles and is subject to the Company's corporate standards and processes.

IKO is among the top vertically integrated manufacturers in its industry, making almost every major component that goes into its roofing shingles and related roofing products. IKO's self-reliance on supplying most of its own materials means, not only is it able to control the quality of its final product, but also controls its sources of supply. IKO oxidizes its own weathering asphalt, quarries and crushes its own limestone, colours its own granules, and makes its own back surfacing, at a variety of locations across North America.

Activities

IKO's activities are carried out through two business segments; residential roofing and commercial roofing and waterproofing.

- Residential roofing: IKO's plants in North America manufacture three classes of asphalt shingles; traditional 3-tab, architectural laminated, and premium designer. IKO also produces a complete line of high-quality accessory products that include ice and water protectors, starter strips, and hip and ridge capping shingles.
- Commercial roofing and waterproofing: IKO specializes in manufacturing rolled roofing and accessories, building envelopes, waterproofing, and rigid polyisocyanurate (ISO) insulation boards.

Supply Chain

IKO's supply chain encompasses various suppliers and contractors used to support and maintain operations. The majority of IKO's suppliers and contractors are located in Canada and the United States, where strong workers' rights and human rights legislation are enforced.

The Procurement function within IKO is responsible for several aspects of supply chain management, including strategic sourcing, contract management and commercial risk management (e.g., critical raw material risks). All divisions use a centralized Enterprise Resource System and a centralized Procurement-to-Pay System, which enable the implementation of standardized procedures and the consistent application of supplier terms and conditions across divisions.

IKO's primary procurement activities are as follows:

- Raw materials;
- Products/equipment required to support IKO's operations;
- Services required to support IKO's operations.

Our Values, Policies and Due Diligence Processes in Relation to Forced Labour and Child Labour

Values

At IKO, our corporate philosophy, vision and values are embraced by all members of management and employees. We believe that **sharing knowledge** helps us find ways to improve our business for the benefit of all, **integrity** defines how we do what we say, **long-term thinking** frames our decision-making to help secure a brighter future, **performance** ensures that we will never stop trying to improve ourselves, **humility** creates honest, open and respectful relationships among all, and **agility**, combined with knowledge, helps us deliver sound decisions quickly.

Policies

IKO is committed to maintaining the highest standards of ethical conduct in all our dealings with employees, customers, and suppliers. As such, IKO has adopted and implemented several policies and practices that support responsible business practices and human rights, that demonstrate the Company's commitment to align with applicable laws, to foster safe work practices and to provide an ethical and respectful working environment.

IKO requires that employees, in the execution of their job responsibilities, faithfully observe all legal requirements placed upon them and adhere to a list of policies which include a Harassment, Discrimination & Violence Prevention Policy, a Business Ethics Policy, and a Diversity, Equity & Inclusion Policy. All employees and contractors are expected to support the Occupational Health and Safety Policies, to comply with all safety and health rules, policies, procedures and programs, and to make safety and health part of their routine.

IKO's **purchasing policy** provides a framework for the procurement practices of goods and services, including respect for human rights and working relationships and conditions. The policy reinforces procurement ethics to ensure that honesty, care, and due diligence are reflected in all procurement activities between IKO Group Companies, suppliers, and other stakeholders. Before selecting a new supplier, procurement teams are expected to make all reasonable efforts to ensure that suppliers are not purchasing conflict minerals and have not used child labour, forced labour, or prison labour, during the manufacture or distribution of goods.

IKO believes in open communication and demonstrates its commitment to integrity and accountability through its **Ethics Point**, a **confidential employee whistleblower hotline**. This hotline provides an avenue for employees to report any illegal, unethical, or unsafe acts.

Due Diligence Processes

IKO expects its suppliers to work in an ethical, sustainable, and safe environment while maintaining the supply of high-quality goods. IKO developed and implemented a pre-qualification process for suppliers. IKO's pre-qualification process requires new suppliers to be evaluated against pre-established criteria and to complete an assessment form identifying the processes and programs they have in place. The topics addressed in this questionnaire relate to **quality assurance, responsible sourcing, environment and health and safety**. Among the form's requirements, the responsible sourcing pillar focuses on assessing suppliers' compliance concerning their efforts to ensure they are not using any conflict minerals, forced or child labour, or prison labour.

Assessing the Risks of Modern Slavery in our Operations and Supply Chain

IKO does not have a formal risk assessment process in place to identify parts of its activities and supply chain that carry a risk of forced and child labour. However, to identify parts of the supply chain that carry potential vulnerabilities and risks, as noted above, it engages with direct suppliers through a Risk Assessment Questionnaire to better understand forced and child labour risk. Through this exercise, IKO made inquiries of active suppliers about their processes and risks related to forced and child labour, as well as their country and sector risk as informed by the Walk Free Global Slavery Index.

Components of the Business and Supply Chain that Carry a Risk of Forced Labour and Child Labour

In 2023, the majority of IKO's direct suppliers and contractors were located in Canada and the United States where strong labour rules are enforced. Therefore, we consider the risks of forced and child labour within our direct supply chain to be low. Nevertheless, IKO recognizes that due to the complexity

of global supply, the risks of forced and child labour may exist in its supply chain. The Company is considering ways to enhance its procedures for identifying and addressing supply chain risks.

To date, IKO has not been the subject of any investigation or convicted of any offence under any modern slavery laws.

Measures Taken to Remediate Forced Labour and Child Labour including Remediation of the Loss of Income to the Most Vulnerable Families

IKO has not identified any instances of forced or child labour in its activities and supply chains, within the financial year ended December 31, 2023. Therefore, no remediation measures have been taken. The Company acknowledges the importance of ongoing monitoring to ensure that forced and child labour risks remain mitigated within its operations and supply chains.

Training

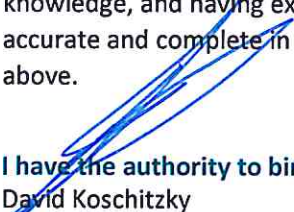
IKO did not provide formal training to employees, specific to forced and child labour in 2023.

Assessing Effectiveness

As this is IKO's first Modern Slavery Report, the Company has not yet taken steps to assess the effectiveness of preventative and mitigating actions. We will continue to implement and evaluate our approach to addressing the risks of modern slavery and measures introduced will be reported in future years.

Approval of 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.


I have the authority to bind IKO Enterprises Ltd.,
David Koschitzky
Chief Executive Officer
May 31, 2024