

MODERN NIAGARA BILL S211- 2024 SUBMISSION REPORT

Updated May 20, 2024



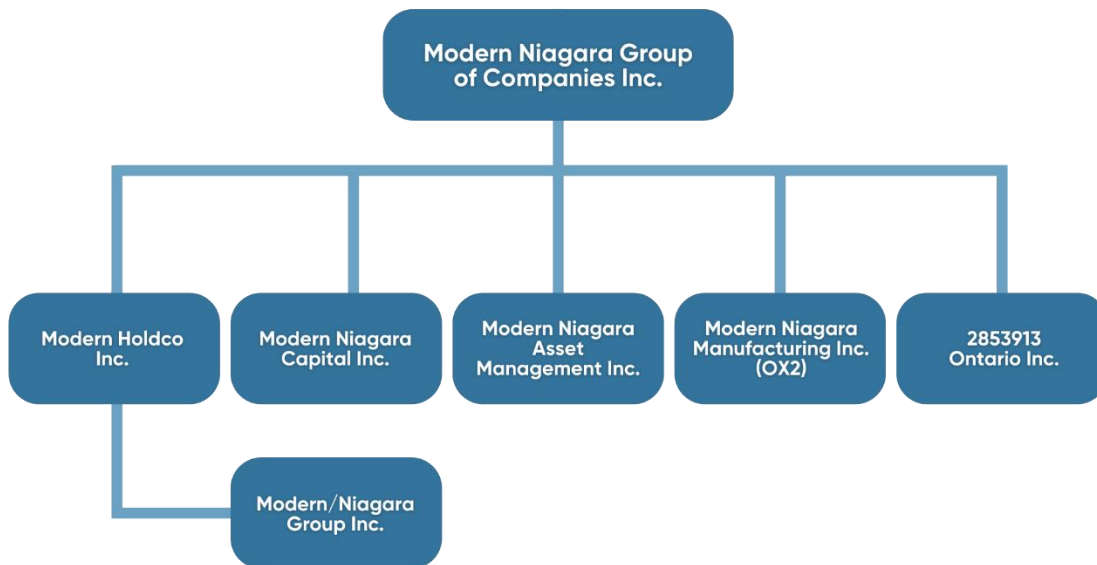
MODERN NIAGARA BILL S211- 2024 SUBMISSION REPORT

This statement is issued in accordance with Bill S-211, *An Act to support the Fight Against Forced Labour and Child Labour in Supply Chains* and to amend the Customs Tariff. Modern Niagara fulfills the criteria outlined for an Entity within the Act by maintaining a business presence in Canada, actively conducting operations within the country, possessing assets located in Canada, and meeting the prescribed revenue and asset thresholds.

This report outlines the strategies and initiatives pursued by Modern Niagara and its subsidiaries to identify and address the risks of forced and child labour within its operational framework and supply chain networks during the fiscal year spanning from January 1, 2023, to December 31, 2023.

ORGANIZATION STRUCTURE

Established in 1959, Modern Niagara Group of Companies Inc. is a Canadian-based private company that mainly specializes in constructing, designing, and servicing mechanical, electrical, and integrated building technology systems for buildings. Modern Niagara Group of Companies Inc. is the parent company of the following subsidiaries: Modern Holdco Inc./Modern Niagara Group Inc., Modern Niagara Capital Inc., Modern Niagara Asset Management Inc., Modern Niagara Manufacturing Inc., 2853913 Ontario Inc.



Modern Niagara operates across five provinces: Ontario, Quebec, Alberta, British Columbia, and Nova Scotia. It maintains nine regional offices spread across three provinces, with its headquarters situated in Ottawa. Additionally, it has offices in Toronto, Kingston, Southwestern Ontario, Vancouver, Calgary, and Edmonton. The company employs approximately 3,500 individuals across all regions.

POLICIES AND DUE DILIGENCE PROCESSES

Modern Niagara has established the following policies and due diligence processes to mitigate the risks of forced and child labour within its internal activities and supply chain.

INTERNAL POLICIES

HEALTH AND SAFETY POLICY STATEMENTS

Within this policy statement, it is explicitly outlined that management and supervisors bear the responsibility for worker safety and are held accountable for the well-being of employees under their supervision. They are tasked with identifying and controlling hazards, as well as maintaining safe and healthy working conditions within their assigned workplaces.

Additionally, under this policy, our suppliers and subcontractors are mandated to ensure adherence to our standards and fulfill the obligations of local and provincial legislative measures aimed at safeguarding their staff, including compliance with all relevant local and international human rights laws.

DISCONNECTING FROM WORK POLICY

This policy explicitly outlines employees' rights to work and fulfill their job duties within their regular working hours, as well as to disconnect from work outside of their scheduled hours, while still meeting obligations outlined in employment legislation. It underscores Modern Niagara's commitment to attracting and retaining employees by providing healthy working patterns that promote a balanced work-life dynamic. By implementing this policy, Modern Niagara aims to eliminate the risk of forced labour and ensure the well-being of its employees.

CODE OF ETHICS POLICY

Embedded within this policy are provisions enabling employees to identify and address legal and ethical issues encountered while conducting Modern Niagara's business. It outlines appropriate channels for resolution, whether through a supervisor or an Ethics Committee, depending on the severity of the ethical concerns. All employees are required to personally certify their understanding of and compliance with this Code and related processes.

Furthermore, our code of ethics policy incorporates a whistleblowing mechanism, providing employees with a confidential avenue to report grievances and complaints. Oversight by the Ethics Committee ensures resolution, fostering a safe environment for employees to report any unethical practices by our suppliers and subcontractors, including instances of child and forced labour within our supply chains.

DUE DILIGENCE PROCESSES

PURCHASE ORDER AGREEMENTS

The majority of Modern Niagara's suppliers are contractually obligated by agreements that must be signed before any goods are purchased or services are rendered. By signing and adhering to these agreement terms, suppliers commit to complying with Canadian laws, including federal and provincial labour standards. Modern Niagara will include clauses on forced or child labour in the next reporting cycle.

SUPPLY CHAIN

Modern Niagara fulfills all three criteria outlined in Bill S-211 for private entities, encompassing assets, revenue, and the number of employees. The company primarily partners with Canadian-based subcontractors and suppliers. Additionally, Modern Niagara collaborates with some international companies that have distribution offices located within Canada. These suppliers and sub-contractors are mainly specialized in providing mechanical and electrical goods and services.

IDENTIFYING AND ADDRESSING RISKS IN OUR SUPPLY CHAIN

Modern Niagara has conducted a comprehensive review of company expenditures in 2023 to identify key suppliers and subcontractors. These entities were then categorized into Tier 1 and Tier 2 based on expenditure and frequency of engagement. Tier 1 comprises suppliers and subcontractors frequently utilized by the company, with the highest expenditure (those accounting for at least one percent of the total supplier spend during the 2023 fiscal year), while Tier 2 encompasses the remainder.

To enhance our understanding and evaluation of risk and compliance in accordance with Bill S-211, a detailed questionnaire was developed and distributed to all Tier 1 suppliers and subcontractors. The results of the questionnaire were meticulously analyzed to identify risks based on predefined factors, including Location of Operations, Policies against forced/child labour in their supply chain, and Employee training.

Based on the responses to the questionnaire, companies and subcontractors were granted a risk rating of High, Medium, or Low. Medium and High-risk companies were requested to provide further information and supporting documents to show compliance with Bill S211 by no later than June 30th, 2024. We believe that this exercise has increased awareness throughout our supply chain regarding the provisions of Bill S-211 and shows Modern Niagara's commitment to eradicating all forms of forced and child labour from our supply chain.

POLICY COMMITMENTS AND PROCESS IMPROVEMENTS

Modern Niagara is firmly dedicated to safeguarding human rights and ensuring the complete absence of forced and child labour in any products or services within our supply chain. Our company is unwavering in its commitment to conducting business ethically and with integrity in all relationships, ensuring full compliance with Bill S211.

Listed below are some of the initiatives that will be undertaken by Modern Niagara as we move towards the next reporting cycle to ensure our compliance:

- Add compliance to Bill S211 to Modern Niagara's standard risk assessment and due diligence exercise for onboarding new suppliers and subcontractors.
- Modern Niagara will update its Standard Terms and Conditions in all future contracts with suppliers and subcontractors to ensure their explicit adherence to Bill S-211.
- Engage a third-party entity specializing in Bill S-211 compliance to conduct a thorough review of the company's internal policies and supply chain practices to identify improvement opportunities and ensure full compliance with the requirements of Bill S-211.
- Provide training and information sessions to the Procurement personnel responsible for onboarding new suppliers and subcontractors to ensure their compliance with Bill S211.
- Continue to assess and mitigate all risks associated with all our existing suppliers and subcontractors to ensure their compliance with Bill S211 where applicable. Non-compliance will lead to the termination of contracts and services.



- Update all our policies, including the Whistleblower, Ethics, and HSE Policies, to explicitly reflect our dedication to eradicating forced and child labour from both our workplace and supply chain.

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 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.

SIGNING AUTHORITY

Full Name: Brad McAninch

Date: May 20th, 2024

Title: CEO and President of Construction

Signature:

I have the authority to bind 'Modern Niagara Group of Companies Inc.' and this report covers financial year 2023 and applies to 'Modern Niagara and all its subsidiaries'.