

2023 MODERN SLAVERY ACT REPORT

Introduction

This report has been issued in accordance with *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, S.C. 2023, c.9 (the “Act”), also known as the Modern Slavery Act, which came into force on January 1, 2024. It covers the reporting period from January 1, 2023, to December 31, 2023.

This report outlines our initiatives and policies aimed at identifying and combating modern slavery, including forced labour and child labour, within our operations and supply chains.

Structure, Activities, and Supply Chains

Structure

Penn-co Construction Canada (2003) Ltd. (“Penn-co”) began as a small farm-based logging operation near the village of Blumenort, Manitoba, Canada. It was incorporated on May 1, 2003, pursuant to the *Manitoba Corporations Act*. Currently, Penn-co offers comprehensive general contracting services spanning several provinces, including Manitoba, Ontario, Alberta, and Nunavut. Our scope of services encompasses General Contracting, Construction Management, Design-Build, and Integrated Design Process solutions.

Penn-co’s mission is to provide exceptional construction services that exceed our clients’ expectations. We strive to achieve this by delivering high-quality workmanship and maintaining open and transparent communication throughout every project. Our goal is to be recognized as a leader in the construction industry, respected for our commitment to safety, sustainability, and customer satisfaction. We are dedicated to building long-lasting relationships with our clients, partners, and employees, and we are passionate about construction projects that enhance the communities in which we work.

Penn-co operates from two offices, comprising its recently constructed headquarters situated in Steinbach, Manitoba, and a smaller subsidiary office situated in Winnipeg, Manitoba. Furthermore, the company maintains parcels of land in Ste. Anne and Blumenort, Manitoba, designated for the storage of construction equipment and for the staging of materials destined for various projects and job sites.

During 2023, Penn-co employed up to approximately 500 Canadian employees during its peak operational season. This figure fluctuated throughout the year due to the seasonal nature of the Canadian construction industry, which sees reduced activity during the winter and early spring months. Additionally, the number of employees may vary based on the number and type of ongoing projects. It is important to note that this number excludes independent contractors, who are not directly employed by Penn-co.

Empowering today for a better tomorrow

Activities and Supply Chains

In 2023, Penn-co worked with approximately 4745 vendors, suppliers, and subcontractors throughout Canada. Roughly 95-98% of all goods used on Penn-co projects are derived from within Canadian borders. However, while the direct procurement of goods, materials, and services is conducted with primarily Canadian suppliers, the manufacture of certain products, and procurement of certain goods and services, may take place outside of Canada.

Direct procurement of goods, materials, and services is managed internally by Penn-co staff. The range of items procured directly fluctuates based on project requirements and may comprise steel, concrete, lumber, fuel, electrical and mechanical equipment, and other various construction materials. Depending on the project, there may be a need to procure or rent specialized construction equipment. The types of services directly procured in this manner vary according to the specific demands of each project.

Goods, materials, and services may also be indirectly procured by Penn-co through its subcontractors. When we engage subcontractors for project delivery, their tasks may encompass supplying goods or materials and performing installations using their workforce. The composition of subcontracted work, in terms of labour and materials, is contingent upon the project's scope and the subcontractor's trade specialization.

Policies and Due Diligence Processes

Over time, Penn-co has developed numerous policies and operational procedures aimed at fostering responsible and efficient conduct across all aspects of its operations, including those involving vendors, suppliers, and subcontractors. These policies and protocols undergo regular scrutiny and are adjusted as necessary to uphold their efficacy.

For example, this included the establishment of comprehensive supply agreements and subcontractor agreements, which were actively utilized and rigorously implemented throughout the reporting period. These agreements incorporate supplementary conditions pertaining to health and safety standards.

Additionally, the goods, materials, services, and labour used by Penn-co are subject to Canadian building code legislation and regulations, as well as applicable employment and labour legislation laws. Penn-co is committed to steadfast compliance with these regulatory frameworks, ensuring adherence to the pertinent legislation and codes.

Going forward, Penn-co is committed to a thorough review and update of its policies and procedures to explicitly address concerns related to modern slavery, including forced labour and child labour.

Risk Assessment and Management

As Penn-co operates within Canadian borders and deals with a majority of Canadian suppliers, subcontractors, and vendors, its operations are at low risk for forced labour and child labour due to the legal frameworks mandated at both the federal and provincial levels, and Penn-co's adherence to those laws.

However, there is some minimal risk of child labour, as defined in Section 2 of the Act, particularly in Penn-co's projects in the northern regions of some provinces. The primary concern is the potential employment of underage individuals on job sites by Penn-co, which is exacerbated by difficulties faced by those individuals in accessing government-issued identification due to the remoteness of their home communities. To mitigate these risks, Penn-co mandates that all prospective employees undergo an onboarding process, which includes providing pertinent information such as birth date and age, as well as obtaining valid identification where available.

Steps Taken in the Previous Year

In 2023, the main steps that Penn-co undertook to prevent and reduce the risk of forced labour or child labour within its business operations, included monitoring suppliers and developing and implementing grievance mechanisms.

In coming years, Penn-co plans on:

- Developing and implementing due diligence policies and processes for identifying, addressing and prohibiting the use of forced labour or child labour in our activities and supply chains.
- Developing and implementing anti-forced-labour and anti-child labour contractual clauses.
- Implementing a form of Supplier Code of Conduct, that in part requires that suppliers take reasonable steps to identify, assess and address risks of forced and child labour practices in the operations and supply chains used in the provisions of any goods or services.
- Develop training for Penn-co employees to increase awareness around forced labour and child labour.

Remediation Measures

At present, Penn-co has not identified any instances of forced labour or child labour in its operations, activities, or supply chains; and thus, no remedial actions have been required. Penn-co will continue to monitor its activities and supply chains closely and will promptly address any occurrences of forced or child labour should they arise.

Remediation of Loss of Income

To date, Penn-co is not aware of any situation where its measures to prevent forced or child labour in its operations or supply chains have contributed to a loss of income for vulnerable families.

Training

While no formal training exists currently, Penn-co intends to incorporate training regarding the awareness and prevention of modern slavery issues into its onboarding and annual training for all employees.

Assessing Effectiveness

Penn-co does not yet have a formal process for measuring effectiveness in the mitigation and prevention of forced and child labour risks. Moving forward, Penn-co is committed to developing and implementing a more structured process to facilitate our assessment.

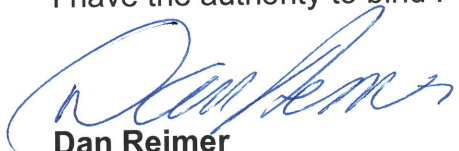
Approval and Attestation

This report was approved by the governing body of Penn-co Construction Canada (2003) Ltd. on May 30, 2024, pursuant to section 11(4)(a) of the *Act*.

In accordance with the requirements of the *Act*, and in particular section 11 thereof, I attest that I have reviewed the information contained in this 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 Canadian Act, for the reporting year listed above.

For clarity, I have provided the attestation above in my capacity as a director of Penn-co and not in my personal capacity.

I have the authority to bind Penn-co Construction Canada (2003) Ltd.



Dan Reimer
President
Penn-co Construction Canada (2003) Ltd.