

Pleasure-Way



Pleasure-Way Industries Ltd.

Forced Labour and Child Labour in Supply Chain Assessment

Introduction

This report is Pleasure-Way Industries Ltd. ("Pleasure-Way" or "the company") response to Bill S-211, An Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff (the Act), sections 11(1) and 11(3). Pleasure-Way is committed to the protection of human rights in all its business practices and operations. This includes the prevention of modern slavery, forced labour and child labour in both our internal business practices and supply chain operations.

Pleasure-Way satisfies the definition of an Entity within the Act by having a place of business in Canada, doing business in Canada, having assets in Canada, and meeting both the revenue and asset thresholds.

This report covers Pleasure-Way's financial reporting year from November 1st, 2022, to October 31st, 2023.

Structure, Activities & Supply Chain

Structure

Pleasure-Way Industries Ltd. is a private, wholly owned subsidiary of Pleasure-Way Holdings Ltd. and was incorporated under the province of Saskatchewan on November 14, 1986. Pleasure-Way manufactures recreational vehicles. As per the Bill S-211 reporting requirements, our entity meets two out of the three compliance thresholds related to revenue and asset sizes in the last two financial years. Pleasure-Way operates in the motorhome sector with the focus on producing and selling RV motorhomes. At the end of 2023, Pleasure-Way had 188 employees who are all entirely located in Saskatoon and the surrounding rural municipality, Corman Park, Saskatchewan across five company locations.

Employees by location

Location	# of Employees
226D Portage Ave, Saskatoon, SK	13
302 Portage Ave, Saskatoon, SK	109
344 Portage Ave, Saskatoon, SK	27
349 Melville Street, Saskatoon, SK	38
36025 Range Road 3042, Corman Park, SK	1

Activities

Pleasure-Way operates within the van motorhomes industry, where the company manufacture class “B” and class “C” van motorhomes and sells these vehicles through RV dealerships across Canada and the United States. Pleasure-Way hires all employees internally for production, completing the manufacturing process without the use of sub-contractors. Each motorhome is constructed individually, without the use of an assembly line, using 400 manhours over six weeks on average.

Supply Chain

Pleasure-Way has 15 direct suppliers that individually contribute to more than 1% of total procurement expenditure. These suppliers are located in Canada, the United States of America, and China. See Figure A for a percentage breakdown of the procurement expenditure by country. Note that this analysis was performed on material suppliers, who, for the purposes of this report, account for at least one percent (1%) or greater of Pleasure-Way’s total procurement spending over the 2023 fiscal year. Additionally, all remaining Pleasure-Way suppliers that are not included in Figure A, operate within Canada and the United States.

Pleasure-Way’s main supplies that are procured include motor vehicles, small materials (titanium, iron), timber, glass, generators, A/C systems, water tanks, and batteries.

Of the 15 suppliers represented in Figure A, 27% are distributors and 73% are manufacturers. The

distributors are mainly located in Canada, with the remaining located in the United States. Distributors could source their materials outside of North America, which may present an increased risk of child and/or forced labour. Pleasure-Way currently does not have access to information on the country of origin for goods that are purchased from Canadian distributors and manufacturers. For international distributors, Canadian customs require products and materials being imported into Canada to list the country of origin when entering the country. This allows Pleasure-Way access to information on where their products and materials are sourced for imports from international distributors and manufacturers.

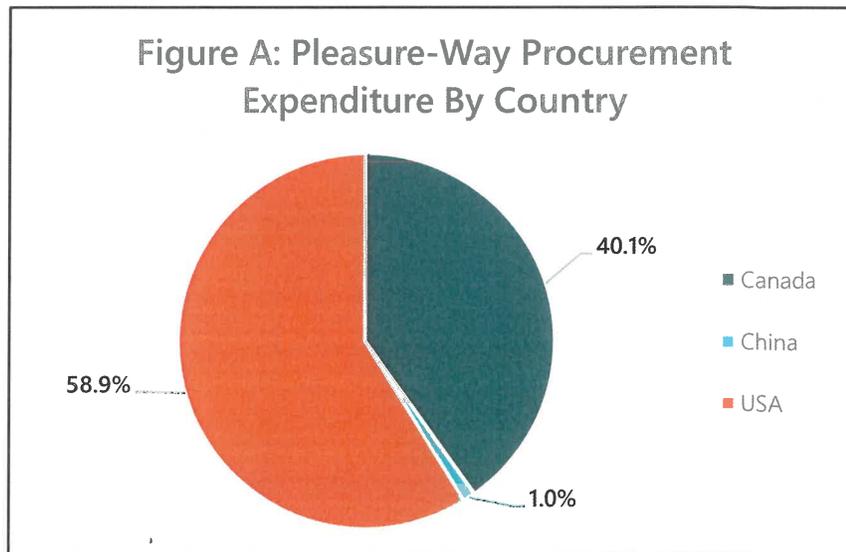


Figure A. Procurement Expenditure by Country. Figure A includes suppliers that individually contribute to more than 1% of total procurement spend.

Policies & Due Diligence

Pleasure-Way has the following policies and due diligence procedures in place to mitigate the risk of child labour and forced labour within internal activities and their supply chain:

Policy	Description	Support in Mitigating the Risks of Forced Labour and Child Labour
<p>Occupational Health and Safety Committee (OHS Committee)</p>	<p>Pleasure-Way has an Occupational Health and Safety Committee (OH&S Committee), as governed under the occupational health and safety legislation. This Committee is responsible for the identification and control of hazards and for addressing work related health and safety issues raised by employees. The OH&S Committee meets on a regular basis to monitor workplace safety and to ensure all practices promote the health, safety, and welfare of employees.</p>	<p>By prioritizing Health and Safety and establishing an H&S committee, Pleasure-Way ensures that employees have a secure work environment, where the risk of exploitation, including forced labour and child labour, is minimized. Further, the emphasis on continuous evaluation on behalf of the safety and health of the employees from the OHS Committee demonstrates the values of the broader Pleasure-Way organization where the protection of employees is paramount to the organization to promote ethical conduct and transparency within the organization.</p>
<p>Corrective Discipline</p>	<p>In situations where an employee of Pleasure-Way has acted against the policies of the organization, a Corrective Action Form is completed by the corresponding manager/supervisor. A written plan is drafted, including a timetable for reaching desired outcomes and clear measurements to determine when those outcomes are met.</p>	<p>Pleasure-Way holds employment safety and belonging at high value, and the Corrective Action Form is one way the organization seeks to keep employees accountable of any questionable and counterproductive behaviour while working at Pleasure-Way. The form is combined with an established process of reporting incidents, with Verbal and Written Notice that can lead to discipline or termination with cause for serious misconduct.</p>
<p>Complaint Procedure</p>	<p>Pleasure-Way has a complaint procedure for employees who</p>	<p>Pleasure-Way and all the employees within the organization have a responsibility to</p>

Policy	Description	Support in Mitigating the Risks of Forced Labour and Child Labour
	<p>would like to file a complaint related to Pleasure-Way Industries Ltd. The employee is required to complete a Workplace Concern Form and then have a meeting with their manager or supervisor to discuss their concerns. The manager or supervisor will listen to the employee and ensure their perspective is understood. Within five business days, the manager or supervisor will investigate and respond to the concern before meeting with the employee to discuss the result of the investigation. If the employee is unsatisfied with the resolution provided by the manager or supervisor, they can escalate the concern to the Director of Operations for further investigation. If the employee is satisfied with the resolution, the matter is considered resolved.</p>	<p>resolve issues that threaten the quality of work relations and the work environment. This procedure provides a means for any employee to address any area of concern with their employment at Pleasure-Way. Any employee concern with forced labour or child labour related to the company can be communicated through this process by any company employee. The Concern Forms allow Pleasure-Way to have a mechanism in place to be aware and alert management teams of any problems that may exist to immediately begin resolution efforts.</p>
<p>Workplace Harassment</p>	<p>Pleasure-Way is committed to an inclusive, positive work environment that embraces diversity. This policy ensure that each employee has the right to work in an environment that is free from harassment and violence. The Workplace Harassment policies holds a zero tolerance of all acts, comments, or behaviors that</p>	<p>In keeping with Pleasure-Way’s commitment to ensure every employee is entitled to a working environment free of harassment, the extension of this policy can aid in the mitigation of child and/or forced labour. This policy provides the opportunity to report any concerns that arise at Pleasure-Way, and for management to take immediate protective action, as well as, preventive action to prevent further incidents occurring.</p>

Policy	Description	Support in Mitigating the Risks of Forced Labour and Child Labour
Safety Policies	<p>constitutes harassment of any employee. Pleasure-Way has the ability to take necessary action to protect all employees within the work environment and provide a safe and secure workplace.</p> <p>Pleasure-Way's safety policies are compliant with federal and/or provincial regulations relating to health and safety at work. The policy ensures the health and safety of employees, contractors, and visitors are paramount.</p> <p>Members of the team are expected to report any conditions that are or have the potential to be unsafe. Employees can request conditions to be examined by a Safety Committee Member at any time.</p>	<p>Pleasure-Way's safety program involves managers, supervisors, and employees and requires all parties to ensure that the working conditions and employee work practices contribute to and enhance the safety of Pleasure-Way's work environment. The general safety policies act as a protection against unreasonable and unsafe work that could be considered forced labour if undertaken. Pleasure-Way expects employees to speak up about any incidents experienced or witnessed to prevent forced labour within the company.</p>
Violence in the Workplace	<p>Pleasure-Way has strong policies against workplace violence to ensure a work environment free from harassment and violence. Pleasure-Way encourages all employees to speak up and report any violence, harassment, or other unproductive forms of behaviour identified or suspected within the company.</p>	<p>Under this policy, Pleasure-Way expects that any witnessed or suspected situations of forced labour or violence directed at company employees be reported to management immediately for immediate corrective action.</p>
Minimum Age of	The general minimum age of	The protection against the use of child

Policy	Description	Support in Mitigating the Risks of Forced Labour and Child Labour
Employment	employment in Saskatchewan is 16. Pleasure-Way has a general minimum age requirement of 18 to be employed by the company. In exceptional circumstances when Pleasure-Way hires an individual younger than 18, written permission from the Director of Operations is required prior to an offer of employment being provided.	labour at Pleasure-Way is imposed through the minimum age requirement.

Due Diligence Processes

Supplier Selection

Pleasure-Way holds strong multi-decade relationships with primary suppliers and is confident in the continued quality of products they provide the organization. As Pleasure-Way must comply with the Motor Vehicles Associations standards, the company seeks out products and suppliers who host CSA labels, which designates a certification for mechanical and electrical products, as well as any general product that carries a high amount of user risk. Pleasure-Way relies on their R&D team to approve the products and ensures they meet technical specification requirements. After passing technical specification requirements, final approval goes to the Purchase and Procurement Manager as a final verification of the supplier and its products.

Supplier Onboarding

Pleasure-Way has no standardized process for Supplier Onboarding, but many new suppliers complete site visits at Pleasure-Way HQ and go through extensive email or verbal communication of technical specifications for products to confirm quality and Pleasure-Way standards.

Supplier Performance Monitoring

The Purchase and Procurement Manager is responsible for approving suppliers and monitoring their onboarding. After agreements are made for the purchase of supplies, the Manager will also oversee and monitor their performance. Pleasure-Way has a return process in place when goods do not meet the company’s requirements or are found to be defective. This includes a request for a credit of goods or a suitable replacement of goods through the Pleasure-Way standard supplier claim form. This is a critical process for monitoring supplier shipments and escalating the return of goods that do not meet the company’s requirements.

Terms and Conditions

All vendors are bound by the terms they sign, which are stated in their purchase orders (POs). These POs delineate the terms and conditions, ensuring that suppliers are legally obligated to adhere to the specified terms. Further, the Purchase and Procurement Manager periodically reviews the supplier's quality of products that is delivered to Pleasure-Way to ensure the full Terms and Conditions are met.

Recruiting

From an operational perspective, as a condition of employment, new employees must present documentation establishing their identity and their eligibility to work in Canada legally. New employees must provide Pleasure-Way with a valid Social Insurance Number, landed immigrant papers, employment visa, or temporary work permit. Further, prior to making an offer of employment, Pleasure-Way has the right and ability to conduct a job-related background check. A comprehensive background check may consist of prior employment verification, criminal record check, professional reference checks and education confirmation. Pleasure-Way has recently committed to completing a background check for all newly hired employees. Pleasure-Way also enforces a minimum age requirement of 18 years of age. The background check allows Pleasure-Way to detect that all newly hired employees are legally eligible to work in Canada and are of legal working age.

Supply Chain Risk Assessment

Using the *Walk Free Global Slavery Index* and the *US Department of Labor's List of Goods Produced by Child Labor or Forced Labor*, Pleasure-Way had a risk assessment conducted on the types of goods purchased from suppliers that contribute to more than 1% of Pleasure-Way's annual procurement spend. This index uses in-depth research in the area of forced labour and child labour and indicate the risks associated with each type of good. The risk analysis found low, high, and extreme inherent risks for forced labour and child labour from the raw materials of these goods. **This does not mean that evidence of forced labour or child labour was found to support this risk analysis** but that there is an increased inherent risk which necessitates closer scrutiny by Pleasure-Way to ensure these risks do not flow into the goods procured for the manufacturing of our motorhomes. These measures will encompass actions such as investigating where Pleasure-Way suppliers receive their goods, continuation of monitoring the types of goods procured from suppliers, and the risk of forced labour and child labour associated with these goods.

Industry of Operation

Pleasure-Way operates within the motorhome production industry. Neither the *Walk Free Global Slavery Index* or the *US Department of Labor's List of Goods Produced by Child Labor or Forced Labor* have identified risks of child labour and forced labour inherent to distribution, therefore this industry has a low inherent risk exposure.

Types of Goods Procured and Risk

Goods	Inherent Risk per Good	Country	Inherent Risk per Country	Overall Risk
Motor Vehicles (e.g., Mercedes-Benz & Ford Vans)	High	Canada & USA	Low	High / Low
Spare parts (e.g., electronics, rubber)	Extreme	Canada & USA	Low	High
Spare parts (e.g., copper, silver, mica, ceramic, glass, iron, brass, zinc)	High	Canada & USA	Low	High / Low
Spare parts (e.g., steel, plastic, bronze, thermoplastic, wire, aluminum, platinum)	Low	Canada & USA	Low	Low
Timber (e.g., wood, plywood)	Extreme	Canada & USA	Low	High
Leather Goods	High	USA	Low	High / Low
Electronics (Batteries)	Extreme	China	Extreme	Extreme

Pleasure-Way’s main supplies that are procured include motor vehicles, small materials (titanium, iron), timber, glass, generators, A/C systems, water tanks, and batteries. These goods have a variety of low to higher inherent risks of forced and/or child labour, as presented in the table above. Pleasure-Way is also aware that the purchasing of highly complex finished goods from manufacturers who operate within Canada and the United States, may contain a different risk profile due to the multiple parts used in the manufacturing process.

Countries Which Goods Are Procured From

Approximately 99% of goods purchased from Pleasure-Way suppliers that contribute to greater than 1% of annual procurement spend are located within Canada and the United States, two countries that have been identified to have a lower inherent risk of child and/or forced labour. A battery supplier from

China made up 1.01% of total supply costs for Pleasure-Way in the past fiscal year. China is identified as a source country with a higher inherent risk of using child labour and/or forced labour. As well, the purchased goods of batteries are identified as an extreme risk of using child labour and/or forced labour.

Pleasure-Way notes that their major manufacturing-based suppliers have reporting standards related to child and/or forced labour. Pleasure-Way also acknowledges that distributors may source their products from various nations outside of Canada & the United States. Further, American distributors have responsibilities to report the country of origin of products they sell to Canadian customs.

High Risk Areas | Risk Identification & Management

Risk identification	Management
<p>Pleasure-Way Industries Ltd. does not track the country of origin for materials and products that are sourced within Canada.</p>	<p>Pleasure-Way will collaborate with Canadian distributors to understand how they can gather data on the country of origin for materials and products that sourced from Canadian Distributors.</p>
<p>Pleasure-Way Industries Ltd. sources batteries from China. This falls under both a high-risk goods category and a high-risk country for child and forced labour.</p>	<p>Over the next year, Pleasure-Way will collaborate with this supplier to gather more information on how these batteries are made and policies and procedures that can be employed to prevent forced labour and child labour throughout their supply chain.</p>

Remediation of Forced, Child & Vulnerable family income loss

Pleasure-Way Industries Ltd. has received zero (0) complaints about human rights contraventions internally and externally. Subsequently, there is no recorded instances of forced and child labour in any of Pleasure-Way's supply chain activities. Additionally, the company is not aware of any issues related to forced labour or child labour among the suppliers the company utilizes. Pleasure-Way Industries Ltd. Is committed to remediate human rights incidents and violations that occur within the company's operations and communities. Pleasure-Way will continue to monitor processes to ensure there is no business conduct with entities that violate human rights or labour rights, and immediately cease operations with a business if evidence of forced labour or child labour is discovered.

Awareness Training

Pleasure-Way Industries Ltd. does not have specific training on child labour or forced labour. However, Pleasure-Way does incorporate training for new employees on the policies identified in this report, which are relevant to the Act.

All newly hired employees are required to read and confirm that they have reviewed the employee code of conduct. Additionally, newly hired employees are required to complete safety training as part of their orientation.

Pleasure-Way is currently in the process of developing new training programs focused on recognizing potentially violent situations. This includes supplementary training on:

- Procedures, work practices, and controls that have been developed to minimize or eliminate the risk of violence to employees.
- The appropriate responses of employees to incidents of violence, including how to obtain assistance; and, procedures for reporting violent incidents.

Although Pleasure-Way's current training programs do not explicitly focus on forced labour and child labour, they will serve as a strong foundation as the company continues to develop their training program. Pleasure-Way Industries Ltd. recognizes the opportunity to enhance employee training relevant to this Act and will, therefore, evaluate applicable training for staff in the foreseeable future.

Steps Taken to Prevent & Reduce Risk of Child Labour

1. **Mapping Supply Chains:** As part of this report, Pleasure-Way has mapped their supply chain to complete a risk assessment to align with the Act.
2. **Conducting an internal assessment of risks of forced labour and/or child labour in the organization's activities and supply chains:** As part of this report, Pleasure-Way has identified risks within their activities and supply chain with inherent risks of child labour and/or forced labour.
3. **Employee Well-being:** The company's policies, such as the Corrective Discipline report, Complaint Procedure, Workplace Harassment, Safety policies, Violence in the Workplace, and the minimum Age of Employment represent a commitment to creating a safe, inclusive, and respectful work environment for all employees. Harassment policies and training will be reviewed every three (3) years and revised when necessary and whenever there is a change that may affect the health and safety of workers. The Committee and safety policies that come from this body can extend to labour practices, making the identification and addressing any instances of forced and/or child labour easier. This process can be extended to include protections against child and/or forced labour to have a zero-tolerance policy that leads to discipline or

termination with cause.

4. **Remediation Measures:** While the company has made progress in addressing forced labour and child labour risks, it recognizes the need for continuous improvement. The following measures have been identified as potential improvements going forward:
 - Develop relevant training for applicable employees to increase awareness of forced labour and child labour.
 - Integrate anti-forced labour and child labour standards into internal policies (employee handbook and training) and supplier due diligence procedures (supplier agreements and questionnaires).
 - Monitor key suppliers for evidence of forced labour and child labour through questionnaires and annual attestations.
5. **Minimum Age Requirements:** Pleasure-Way has set the minimum age to work at the organization at 18 years old.
6. **Quality Monitoring:** Pleasure-Way actively monitors the quality of the products that they receive from supplier shipments. Goods are returned if they do not meet the quality standards they require. As a component of product quality monitoring moving forward, Pleasure-Way has committed to returning goods received from suppliers that are identified to use forced and/or child labour within their company operations.

Pleasure-Way is committed to creating a work environment that values and respects every employee while upholding their rights and well-being. The company maintains its stance against forced and child labour practices. Pleasure-Way's dedication to ethical business practices extends beyond its operations as it continues its efforts to eliminate forced and child labour from its supply chains.

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.

Terry Wreford



Full Name

Signature

Controller

May 30, 2024

Title

Date

I have the authority to bind Pleasure-Way Industries Ltd. and this report covers financial year 2023 and applies to Pleasure-Way Industries Ltd. and all entities considered reporting entities in terms of the Act and any controlling subsidiaries of Pleasure-Way Industries Ltd. if they apply.