

## **Report on Forced Labour and Child Labour Risks**

**For the Fiscal Year ended March 31, 2024**

---

## Introduction

This is a report prepared pursuant to the Fighting Against Forced Labour and Child Labour in Supply Chains Act (the “Act”) that pertains to Arrow Transportation Systems Inc. (“Arrow”). All policies, procedures and governance practices apply to Arrow and all members of the Arrow Group.

The above-mentioned entity hereby reports to the Minister of Public Safety and Emergency Preparedness on the various measures taken during its previous financial year ended March 31, 2024 to prevent and reduce the risks that forced labour or child labour is used in their supply chains.

This report is not a revised version of a report previously submitted for the Arrow Group’s financial year ended March 31, 2024. No entity in the Arrow Group is subject to reporting requirements under similar modern slavery acts in other jurisdictions.

For over 100 years we have played a significant role in our clients’ supply chain processes. The use of modern slavery practices in the labor force are contrary to our long-standing Mission, Core Values and Principles. We understand that modern slavery can take many forms and we do not tolerate any form of forced labor or any other circumstances which lends itself to modern slavery within our operations or in those of our suppliers, subcontractors, and business partners. We hold ourselves to the highest standards and through our hiring practices, training, policies and procedures, we expect that the Arrow Group’s employees, lease operators, lease operator drivers and executive managers across all operating business units to act with integrity and always comply with the letter and spirit of the laws, regulations and rules that apply to the Arrow Group in the jurisdictions in which we operate. If irregularities occur and our expectations are not met, we will respond to remediate and report those matters in an appropriate and timely manner.

---

## Structure, Operations and Supply Chain

Arrow Transportation Systems Inc. is the parent company in the Arrow Group of companies.

The Arrow Group is a family-owned institution with a purpose-driven, principles-led approach to delivering the highest level of service to our clients and the communities we have worked closely with for over 100 years. Our company has grown substantially over the past decade, moving from a pure-play transportation and reload company to an organization with eleven business units and over 1300 employees. While our primary business is still in the trucking/reload business, we have expanded significantly, and our operations are comprised of the following business segments:

- **Arrow Transportation Systems Inc:** Parent company and provider of trucking services throughout Western Canada for major sawmills and mining companies.
- **Arrow Marine Services Inc:** Our operations are specialized in commercial marine services. This division is engaged in vessel transfers for repair, refit, painting and maintenance.
- **Arrow Forestry:** A division engaged with business partners producing and moving wood-based products. The division is comprised of portable wood grinding divisions, whole log chipping facilities and log towing services.
- **Arrow Reload Systems Inc:** Our reload system offers truck-to-rail and rail-to-truck services throughout North America and partners with major railways and short-line operators to deliver cost-effective and versatile transportation, distribution and materials handling solutions.
- **Arrow Logistics:** A division engaged in global logistical solutions by leveraging our asset base and partnering with other major transportation and logistics companies to provide cost-effective transportation solutions.
- **Degama Systems Inc:** Provides transportation management system services and manages all the revenue and billing for large scale transportation and logistics companies.
- **Streamline Transportation Technologies Inc:** This division provides fleet management solutions by combining telematics with advanced wireless technologies to make vehicles safer, cleaner and more productive.
- **BioNorth Energy Limited Partnership (40% Joint Venture):** This is a 40-megawatt biomass powerplant in Fort St. James producing clean, sustainable energy.

- 
- **NutriGrow:** A division that is Western Canada's largest manufacturer and bulk distributor of amended soils, composts and mulches. This division is a vertically integrated one-stop solution for reclamation soils and beneficial re-use programs in Canada.
  - **Arrowhead Environmental Services Inc:** A diversified civil construction company, delivering project development, earthworks and heavy civil construction services to the Energy, Forestry, Mining and Municipal Infrastructure sectors.
  - **Arrow Environmental Services:** A division engaged in the business of delivering customized and turnkey residuals management solutions to residuals producers and users across British Columbia.

Across the entities and divisions, our success comes from the 1300+ employees who leverage their skills and incredible talent to bring our Mission, Core Values, Principles and business strategy to life so we can continue our tradition of serving our clients and building the communities we have worked and partnered with. We are a private limited liability company, with corporate head office located in Vancouver, BC. We operate across Canada and various states in the United States of America.

### **Policies and Due Diligence Processes**

We believe in a foundation that is built on good governance and an inclusive culture that builds trust and value for all stakeholders. The Arrow Group is committed to creating the right tone at the top with risk management and governance being a key focus. During the last financial year, the Arrow Group has taken steps to strengthen and build a more mature and robust risk management and corporate governance framework by (i) appointing a Chief Risk Officer, and (ii) appointing a Director of Enterprise Risk Management. In the coming weeks and months ahead, the risk management department will continue to build and improve on the company's existing policies, business processes and governance framework.

Through this action and new department, the Arrow Group will continue to evolve policies and due diligence practices related to risks across the business including those which require Arrow's business units to consider potential impacts to human rights and risk of modern slavery. Going forward, in circumstances where we are satisfied that a business partner's policies and procedures meet our standards and practices, we may consider a business partner's commitment to comply with their own policies and procedures.

---

## **Arrow Yellow Book**

At Arrow, we recognize that respecting human rights is a shared responsibility of all organizations regardless of where they operate globally. This perspective aligns with our Mission, Core Values and Principles outlined in our Yellow Book. These have long been reflected in our policies and practices across our business. Our Core Values, Principles, and guidelines in the Arrow Yellow Book, set expectations for our behavior and decision-making across all business units. It is the roadmap we follow to protect our employees and serve our clients with the highest standards of integrity and lays the foundation for how we work together in a respectful, transparent, and safe environment. We encourage employees to report matters of non-compliance to supervisors so we can take necessary remediation steps where necessary.

### **Employment Age and Young-Worker Safety Policy**

Arrow's policy on minimum employment age and safety is very clear. All employees are hired in accordance with the applicable laws and regulations established in the jurisdictions in which we operate. Employees under the age of 25 are considered a young worker and this policy was developed specifically for those employees. There are additional requirements for employees classified as a young worker (refer to our training section below).

### **Work Safe BC**

Our operating practices across our business are designed to comply with applicable laws and standards established by Work Safe BC.

### **Environmental & Social Practices**

The Arrow Group has developed a sustainability roadmap and we have integrated this roadmap and our day-to-day operations with the United Nations' Sustainable Development Goals. We produce an annual sustainability report containing our goals and progress made towards meeting those goals.

## **Risk of Modern Slavery in our Operations and Supply Chain**

The Arrow Group has started the process of identifying the risks and the assessments are ongoing. We acknowledge the fact that there are inherent risks of forced labour and child labour within some of the industries in which we operate and served clients for decades. In particular, the risks within the extractive and some service industries may be considered high on a global basis. These may include:

- Mining and metals
- Oil and Gas
- Forestry, Agriculture
- Transportation

---

However, the Arrow Group considers the risks of forced labour or child labour to be low in its own operations and supply chains in Canada and in the United States. The Arrow Group manages these risks through a variety of policies, processes, and practices, which are outlined in this report. All employees are hired in accordance with, at a minimum, the applicable laws and regulations, and the Arrow Group conducts checks to ensure that individuals have the right to work and are choosing to work on their own volition. Further, all employees have the freedom to join a trade union or other similar associations.

## **Remediation Measures**

The Arrow Group has not identified risks related to forced labour or child labour in its supply chains. Further, the Arrow Group has not identified forced labour or child labour in any of its own direct operations. However, due to the nature of the industries in which we operate and the inherent risks existing, the Arrow Group has decided to be proactive in its approach to prevent and reduce risks of forced labour and child labour.

### **Steps to Prevent and Reduce Risks of Forced Labour and Child Labour**

Over the course of the previous financial year, Arrow has taken the following steps to prevent and reduce the risk of forced labour or child labour occurring in its activities and supply chains:

- Appointed a Chief Risk Officer to begin performing company-wide risk assessments;
- Appointed a Director of Enterprise Risk Management to assess internal controls including those relating to recruitment practices;
- Internal and external assessments of the risks of forced labour or child labour

During the financial year ending March 31, 2025 the Arrow Group has plans to take the following steps:

- Conduct a review of our third party and vendor policies aimed at strengthening our internal guidelines.
- Confirming with business partners that they have complied with all applicable laws and regulations.

### **Remediation of Loss of Income**

As the Arrow Group has not yet identified any instances of forced labour or child labour in its activities or supply chains, measures to remediate the loss of income to the most vulnerable families that results from measures taken to eliminate the use of forced labour or child labour, have not been required.

---

## **Training**

Understanding and complying with our policies and procedures in the Arrow Yellow Book is a condition of working at Arrow. All new hires must acknowledge that they have read and understood Arrow's policies.

In addition to our new hire orientation training on the contents of the Yellow Book, our Employment Age and Young-Worker Safety Policy contains additional responsibilities for employees under the age of 25:

- Participate and complete all provided young worker training.
- Ask for additional training if you do not feel confident completing your task.
- Follow all workplace health and safety policies and procedures.
- Work safely always and never endangering themselves or others.
- Report all real and potential workplace hazards and/or unsafe conditions.
- Wear personal protective equipment when required.

### **Prevention of Workplace Bullying, Harassment and Violence**

Arrow's Human Resources Department has developed a process for employees to report matters relating to bullying, harassment and violence. Arrow's intranet contains a designated section on this topic and includes all applicable compliant forms and follow-up processes. This process was developed to ensure employees across Arrow are safe from any form of harassment and harm while executing their job function.

## **Assessing Our Effectiveness**

Through our Enterprise Risk Management group, we have embarked on the initial stages of assessing our risks and refining our key policies and procedures to embed and operationalize the commitments in our Mission, Core Values and Principles. The effectiveness of Arrow's policies and processes will be periodically evaluated to confirm it remains current and aligned with business activities, regulatory developments, and industry standards.

## **Consultation & Governance Process**

In preparing this report, Arrow engaged with the reporting entities covered by this report. Arrow also consulted with key areas of our organization, including Procurement, Human Resources, Operations Management, external Legal Counsel and Risk Management. These departments operate and monitor policies across our enterprise, including across the business units to which this report applies.

---

## Approval and Attestation

This report was approved pursuant to subparagraph 11(4)(b)(ii) of the Act by the Board of Directors of Arrow Transportation Systems Inc.

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 listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in this report is true, accurate and complete in all material respects, for the purposes of the Act, for the reporting year listed above.



---

Jack William Charles Jr.

Chairman and CEO

May 30, 2024

I have the authority to bind Arrow Transportation Systems Inc.