



Strilkiwski Contracting Ltd.



Forced Labour and Child Labour in Supply Chains Company
Assessment

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Executive Summary

Forced labour can be found in every country and every sector. The International Labour Organization estimates that there are approximately 27.6 million victims of forced labour worldwide, including 17.3 million in the private economy. Forced labour and child labour risks occur primarily through the global supply chains of businesses. There is a risk that goods imported into and distributed in Canada were produced with forced labour or child labour. Entities and government institutions doing business in Canada have a responsibility to ensure that exploitative practices are addressed and eradicated from their supply chains.

In compliance with the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, SCL has begun prioritizing the analysis of forced labour and child labour through mapping activities for the 2022-23 fiscal year. Strilkiwski Contracting Ltd. ("SCL") has statements and policies in place that emphasize commitment to human rights and abiding by local laws and legislation, but also recognize there is always room for continuous improvement. SCL's policies, Workplace Safety guidelines, Human Rights Code, and everyday practices serve as a strong foundation as we look to implementing more anti-forced labour and anti-child labour measures. As a growing, socially conscious, construction company, SCL recognizes and is strongly committed to removing the risk of forced labour and child labour in our operations and supply chains.

Background

The measures introduced through former 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"), aim to increase industry awareness and transparency and drive businesses to improve practices. There are eight mandatory reporting areas that must be investigated and reported on which include:

- The steps the entity has taken during its previous financial year to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods in Canada or elsewhere by the entity or of goods imported into Canada by the entity.
- Its structure, activities, and supply chains.
- Its policies and due diligence processes in relation to forced labour and child labour.
- The parts of its business and supply chains that carry a risk of forced labour or child labour being used and the steps it has taken to assess and manage that risk.
- Any measures taken to remediate any forced labour or child labour.
- Any measures taken to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in its activities and supply chains.
- The training provided to employees on forced labour and child labour.
- How the entity assesses its effectiveness in ensuring that forced labour and child labour are not being used in its business and supply chains.

The financial year for which SCL is reporting is April 1st, 2022, to March 31st, 2023. This is the first version

of the report submitted and the report is for the entity, Strilkiwski Contracting Ltd. This is a joint report that includes Strilkiwski Contracting Ltd., Strilkiwski Bros Aviation Ltd., Strilkiwski Concrete Bros., Strilkiwski North Ltd., 7526726 MB Ltd., 10006699 MB Ltd., and 10006673 MB Ltd.

Structure

SCL operates as a private corporation, with all its businesses located in Manitoba. SCL was founded in the 1950s, specializing in supplying, processing, and distributing aggregate materials. Additionally, SCL provides aviation and road building services and other heavy civil construction activities including concrete work, throughout Manitoba.

As per the Bill S-211 reporting requirements, SCL had more than \$20 million in assets, generated more than \$40 million in revenue, and currently has 160 employees. Therefore, meeting the Bill S-211 reporting requirements, with two out of the three compliance thresholds related to revenue and assets have been met.

Activities

SCL operates within the construction and manufacturing sectors, our operations involve heavy construction, processing and supplying aggregate, concrete and aviation. Our operations are exclusively based in Canada, with no production or sales occurring beyond the country's borders. Our products include the sale of limestone, clean round stone, sand, gravel, and concrete. SCL also provides consulting services on technical support and expertise such as AutoCAD drawings, contributing to the design processes of clients within the engineering department.

Supply Chain

The majority of products acquired by SCL are sourced from Canadian suppliers. The diagram illustrates the composition of our supply chain by country. SCL purchases goods from 1,074 suppliers, with 985 based in Canada and 89 in the United States. The accompanying pie charts provide an overview of the suppliers used by SCL. Suppliers operating in both Canada and the US are categorized under Canada to simplify the representation of countries in the chart.



Policies & Due Diligence

Current Policies

The construction industry is required to adhere to a number of quality and safety standards, as a result we have robust policies in place to ensure safety and quality within our organization and supply chain. To reaffirm our dedication, we have formulated the subsequent policies, which are applicable to both employees and suppliers:

Company Safety, Health and Environment Policy

The Company Safety, Health and Environment Policy provides the fundamental principles which guide workplace safety, conduct, and operations at SCL. It is designed to demonstrate our commitment to a strong safety program to protect against incidents or hazards in the workplace. It further states that management will provide and maintain a safe, healthy work environment that follows industry standards and legislative requirements. Each employee is required to sign a form indicating that they have read, understood, and accepted all the policies, terms and conditions of the Company Safety, Health and Environment Policy. The policy also states the procedure for filing complaints regarding harassment and violence.

Orientation Package

Our orientation package incorporates a "work refusal clause," empowering employees to decline work if they perceive their safety or that of a colleague to be compromised. This underscores our commitment to fostering safe working conditions and respecting employees' autonomy in deciding whether to work. Additionally, the orientation package mandates employees to furnish their government-issued identification ("ID") particulars and provide their signature, ensuring adherence to company policies, procedures, and legal age requirements for employment.

Labour Standards

SCL complies with the Federal Commercial Drivers Hours of Service regulations, with daily log maintenance ensuring full alignment with federal mandates. Moreover, SCL adheres to the Construction Industry Wages Act and the Employment Standards Code, thereby demonstrating a commitment to ethical labour practices by upholding provisions related to minimum wages, overtime, vacation entitlements, and hours of work. Additionally, SCL mandates employees to submit a driver's abstract before orientation, primarily to facilitate discussions with insurance brokers. This requirement also assists in verifying employee age. Conformances to these requirements are stipulated in the orientation packages and checked as part of the wage cycle every two weeks.

Due Diligence

Supplier Questionnaires

As part of our obligation to prevent child or forced labour within our supply chain, SCL has requested that suppliers that pose the highest risk to SCL complete a questionnaire. This questionnaire is used to

obtain confirmation from suppliers that they do not engage in child and or forced labour. Suppliers that have responded to the questionnaire have indicated that they have not identified any instances or unmitigated risks of forced labour or child labour within their business activities, operations, or supply chains. In the upcoming year we will follow up on responses from suppliers.

We recognize that due diligence could be increased to improve overall safety and mitigation of child labour and forced labour.

Risk Identification & Management

Countries of Operations and Risk

Using the *Walk Free Global Slavery Index* and the *U.S. Department of Labour List of Goods Produced by Child Labour or Forced Labour*, we conducted a risk assessment on the countries that SCL operates in and found that there were low risks of forced labour or child labour. SCL only operates within Canada which has a low inherent risk. While the inherent risk associated with entities operating within Canada is low continued due diligence is required.

Countries of Suppliers and Risk

Using the *Walk Free Global Slavery Index* and the *U.S. Department of Labour List of Goods Produced by Child Labour or Forced Labour*, we conducted a risk assessment on the countries of origin for our suppliers and found that there were inherent low risks of forced labour or child labour in Canada and the US. While the inherent risk associated with these countries is low continued due diligence is required. The table below depicts the number of suppliers and the country they operate from:

Country	Suppliers (#)	Supply (%)	Inherent Risk per Country
Canada	985	92%	Low
United States	89	8%	Low

Type of Goods Procured and Risk

Using the *Walk Free Global Slavery Index*, a risk assessment was conducted to evaluate the types of goods acquired from suppliers. For the purpose of this report, material suppliers are defined as those contributing 1% or more of the total procurement expenditure during the fiscal year. The identified goods encompass fuel and oil, cement powder, groceries, furniture, office supplies, and other goods related to company operations such as parts and equipment. The risk analysis revealed low inherent risks of forced labour and child labour associated with the raw materials of these goods, except for cement powder and groceries, which exhibit an extreme or high inherent risk of forced labour. This does not indicate evidence of forced labour or child labour was discovered to support this risk analysis but underscores an elevated inherent risk, warranting closer scrutiny to ensure these risks do not permeate into the procured goods.

Goods	Inherent Risk per Good	Country	Inherent Risk per Country	Overall Risk
Groceries (may include coffee, fruits, and vegetables)	Extreme	Canada	Low	High
Cement	High	Canada	Low	Moderate
Fuel & Oil	Low	Canada	Low	Low
Office Supplies	Low	Canada	Low	Low
Other Goods	Low	Canada, United States	Low	Low

Remediation of Forced and Child Labour and Vulnerable Family Income Loss

We are committed to identifying human rights incidents and violations that occur within our operations and communities. As there were no incidents related to forced or child labour reported to or noted within SCL, there hasn't been any need for SCL to report, correct or remediate any incidents of forced or child labour. We recognize the significant impact forced and child labour can have on individuals and their families and thus rely on our policies and procedures in place currently to ensure that our supply chain is free of unethical practices while holding us and our suppliers up to the highest standards of practice.

Awareness Training

Extensive training is provided to all employees, to ensure they are equipped with the necessary knowledge and skills to perform their duties safely and effectively. No individual is allowed to operate machinery or commence work without undergoing the required training. In light of this our Safety department participated in ISNetworld's (an online platform that provides services related to risk management and sustainability) Environment, Social, and Corporate Governance ("ESG") webinar on Modern Slavery, Forced Labour, and Industry. The webinar raised awareness about the 2023 Global Slavery Index, which sheds light on situations related to modern slavery. We have also emphasized the companies and all our employee's responsibility to ensure the safety of young workers aged between 15-24 in SCL. This has been communicated in workers' briefings.

While we do not have formal training in place on the topic of child labour or forced labour, new employees go through orientation, which includes the review and signoff of the Orientation Package and Company Safety, Health and Environment Policy. These documents cover company standards like respect, workplace harassment, violence, and workplace safety policy in compliance to government legislation.

As a consolidated entity we recognize the opportunity to enhance employee training relevant to this Act,

therefore, will be evaluating applicable training for staff in the foreseeable future as well as updates to the onboarding process to enhance compliance and awareness of child and or forced labour.

Self-Assessment Process & Requirements

The safety and security staff at SCL are responsible for conducting regular safety audits and providing reports on them. Our safety program undergoes monthly audits, ensuring ongoing compliance with established safety standards. Additionally, external audits are conducted annually to further assess and validate our safety practices. In addition to audits, we hold tailgate meetings or job site meetings as part of our compliance efforts. As a consolidated entity we are in the process of understanding and evaluating our supply chain and as part of this process, we will evaluate our processes to understand areas of improvement especially around self-assessment processes including key performance indicators (“KPI”) metrics, internal audits, quality assessment programs to ensure the implementation of the Child and Forced Labour Policy. We will continue to review our practices to enhance the rigor of self-assessment processes to identify how effective it is ensuring that forced and child labour are not being used in our business and supply chains.

Conclusion and Key Takeaways

Through our analysis, we found that although some of the commodities which we procure from our suppliers are at higher inherent risk for forced labour and child labour, we have several measures in place to lower the risk of these commodities. However, we are committed to continuous improvement and have identified areas within our internal processes that have the opportunity for enhancement to further reduce the risk of forced labour and/or child labour within SCL and our supply chain.

In the upcoming year SCL has identified areas and mechanisms where we have the opportunities for enhancement to further reduce the risk of forced labour and/or child labour within our activities and supply chains. These include:

Recommendations Related to SCL Activities:

1. **Orientation Package:** Will consider updating to include clauses related to a zero-tolerance for the use of child labour and/or forced labour. Within these clauses, details will be added about whom employees should discuss concerns and potential or actual instances of child labour or forced labour with. Furthermore, we look to add references to compliance to the Construction Industry Wages Act and the Employment Standard Code.
2. **Employee Training:** In addition to the training material shared during the safety meetings, detailed training programs will be considered. One will be specific for employees involved in the procurement process and will include the identification and mitigation of suspected instances, along with technical insights into supply chain risk assessment methodologies and compliance protocols to prevent child and forced labour. While the other will focus on awareness related to the prohibition of child labour or forced labour within SCL. Additionally, both trainings will provide detailed guidance on utilizing our internal reporting and investigation mechanisms effectively.
3. **Reporting Mechanism:** SCL will investigate the feasibility of introducing a whistleblowing policy or similar reporting mechanism to encourage reporting of any instances of forced labour or child labour within the organization or its supply chain. As part of this process, we will also consider introducing an awareness campaign that will be done annually to encourage reporting.
4. **Self-Assessment Process:** We will also evaluate how to develop a self-assessment process to identify the risk of forced labour and/or child labour in the company and within our supply chain. This may include KPI metrics, internal audits, quality assessment programs, partnering with an external organization for independent assessments, or collaborating with suppliers to measure the effectiveness of their actions.
5. **Corporate Strategic Reviews:** In order to maintain that SCL and its supply chain are free of child labour and forced labour the introduction of a corporate strategic review team could be established. This team would be tasked with conducting risk assessments that would include the assessment of the supply chain and entity for the risk of child labour and forced labour. This team would also be responsible for assessing the process of managing any identified instances of child labour or forced labour.

Recommendations Related to Suppliers:

1. Procurement Procedure: A procurement policy and/or procedure will be considered that details the supplier selection and onboarding process which may include reviewing supplier websites to confirm they have attestations on compliance to Bill S-211 or its equivalent. This will include screening (which includes the completion of a supplier questionnaire) and due diligence, implementing a Supplier Code of Conduct, the requirement to conduct audits at supplier sites deemed to be of a higher risk, and the implementation of procurement on a purchase order which outlines our requirement that suppliers do not engage in child and or forced labour.
2. Subcontractors contract: Consider the introduction of formalized subcontractor contracts which will outline compliance to provincial legislation which includes Bill S-211 or its equivalent.

Approval and 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.

Harvey Strilkiwski

Full Name



Signature

Secretary / Treasurer

Title

May 16, 2024

Date

I have the authority to bind *Strilkiwski Contracting Ltd.* and this report covers financial year *March 31st, 2023*, and applies to *Strilkiwski Contracting Ltd.* and all entities considered reporting entities in terms of the Act and any controlling subsidiaries of *Strilkiwski Contracting Ltd.* if they apply.