

PREVENTING FORCED AND CHILD LABOUR STATEMENT

ARTICLE 1: INTRODUCTION

- 1.1 TR Holdings Inc., Trac Rail Inc. and TR Controls Inc. (collectively, “**TR Group**”) is committed to acting ethically and with integrity in our business and our supply chains, and protecting the dignity and human rights of all people connected to our business. We seek to source products responsibly and strive to work closely with our vendors and suppliers to ensure these objectives are implemented and maintained in their workforce and their supply chains.
- 1.2 This is TR Group’s first modern anti-forced labour statement made pursuant to Canada’s *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, S.C. 2023, c. 9 (the “**Act**”), This statement will be reviewed and, if necessary, revised annually.
- 1.3 TR Group acknowledges that it cannot stop forced and child labour globally, but it does acknowledge that preventing forced and child labour within its supply chains is an important step in the long process of halting the practices of modern slavery worldwide.
- 1.4 This statement outlines the measures TR Group has in place and the efforts TR Group have implemented to assess and address risks of forced and child labour in our business.

ARTICLE 2: TR GROUP’S STRUCTURE AND ACTIVITIES

- 2.1 TR Group is a collection of three entities, including TR Holdings Inc., Trac Rail Inc., operating as ZTR Control Systems Canada (“**ZTR**”) and TR Controls Inc. (“**TR Controls**”), where TR Holdings Inc. is the parent entity. The list of entities is as follows:
 - (a) TR Holdings Inc. is the parent company and is a corporation with a financial reporting year ending on October 31st on each year. Its business number is 126062678 RC0001. TR Holdings Inc. does not produce or sell goods and does not have any employees. TR Holdings owns 100% of the shares of each of ZTR and TR Controls. TR Holdings has no other business operations.
 - (b) ZTR is a corporation with a financial reporting year ending on October 31st on each year. Its business number is 105338842 RT0001. ZTR is a producer and distributor of goods in the locomotive industry. ZTR employs 96 people, all of whom are located in Canada. ZTR has business operations primarily in Canada and the United States.
 - (c) TR Controls is a corporation with a financial reporting year ending on October 31st on each year. Its business number is 122056153 RT0001. TR Controls’ primary business is the distribution of German electrical products in North America. A portion of TR Controls’ operations is the production of electric harnesses. TR Controls employs 12 individuals in Canada, all of whom are located in Ontario. TR Controls has primary business operations in Canada and the United States.
- 2.2 To learn more about ZTR, please see <https://ztr.com/>.
- 2.3 To learn more about TR Controls, please see <https://www.trelectronic.com/>.
- 2.4 The activities of ZTR include:

- (a) producing and selling locomotive modernization solutions in intelligent starting technologies, control systems, remote monitoring, and enhanced diagnostics equipment. To manufacture such goods, ZTR sources raw materials from suppliers located primarily in Canada, USA, Ireland, and UK. Spending on supplies in these countries represented approximately 99.5% of all supplier spending by ZTR in 2023.

2.5 The activities of TR Controls include:

- (a) importing and distributing within Canada electronic automation and measurement products manufactured in Germany. No raw materials are used by TR Controls in these activities; and
- (b) producing harnesses and selling in Canada and the United States. The raw materials for these activities are sourced solely from suppliers located in Germany, Canada, and the United States.

ARTICLE 3: OUR POLICIES

- 3.1 TR Group is drafting an internal Anti-Modern Slavery Policy that will reflect our commitment implementing and maintaining processes to prevent forced and child labour from taking place in our business.
- 3.2 TR Group raises awareness to its suppliers of its anti-modern slavery policies, and will begin to require its suppliers to adhere to the same high standards. TR Group is drafting a Supplier Code of Conduct that sets forth our expectations of all suppliers to us related to ethical business practices. A copy of our Supplier Code of Conduct will be made available to suppliers and will be posted online.

ARTICLE 4: OUR DUE DILIGENCE PROCESSES

- 4.1 TR Group carries out background checks and continually assess our employment practices to ensure that we at the minimum meet employment standards in the locations we employ employees.
- 4.2 TR Group is currently reviewing its approach to supplier due diligence, and is in the process of completing a supplier risk-mapping assessment, starting with our key suppliers, in order to identify forced and child labour risks in our business. As part of this assessment, we will ask our most important suppliers to complete a supplier-due diligence questionnaire. Subsequently, we will ask our lower-risk suppliers to complete the same questionnaire. As we receive responses from our suppliers, we may undertake additional verifications and audits.

ARTICLE 5: ASSESSMENT OF RISK OF FORCED OR CHILD LABOUR

- 5.1 Within TR Group's business operations, we have assessed a low level of risk of forced labour based on the following risk criteria:
 - (a) **Country risk:** The Global Slavery Index describes the countries in which forced or child labour is most prevalent.
 - (b) **Sector or industry risk:** Certain sectors have a higher risk of forced or child labour.

- (c) **Business or transaction risk:** Certain business relationships or transactions have a higher risk of forced or child labour.
 - (d) **Raw materials risk:** Certain raw materials have a higher risk of forced or child labour.
- 5.2 As noted in Section 2.1, our employees are located exclusively in Canada and the United States. Such jurisdictions have a low risk of forced or child labour due to their employment and labour laws.
- 5.3 TR Group hires primarily skilled workers and does not employ oversees or migrant workers.
- 5.4 TR Group believes that risk of forced or child labour is low in our business in areas, for the following reasons:
- (a) TR Group deals exclusively with suppliers located in countries with labour laws similar to Canada, in which forced labour and child labour is prohibited;
 - (b) TR Group distributes goods primarily through Canada and the United States;
 - (c) TR Group sources raw materials from counties with labour laws similar to Canada, in which forced labour and child labour is prohibited.
 - (d) TR Group does not operate in an industry identified in the Global Slavery Index as high risk for forced labour, such as the garment industry or industries with little government oversight.
- 5.5 TR Group recognizes that its suppliers also employ workers. Since TR Group does not employ such workers, we have less control and visibility over their working conditions and employment terms. However, we continue to tailor our risk management actions to address those risks. Moreover, we will begin further efforts to classify our supplier risks to identify and prevent forced and child labour.

ARTICLE 6: ACTIONS TAKEN TO COMBAT THE RISK OF FORCED OR CHILD LABOUR:

- 6.1 Building on the policies and procedures we currently have in place, TR Group is developing strategies in order to:
- (a) assess and further its understanding in the areas of potential risk for forced and child labour in our business;
 - (b) monitor such potential risk areas; and
 - (c) reduce or mitigate such risks.
- 6.2 TR Group additionally seeks to only do business with suppliers that have ethical business practices, including those related to human rights. TR Group will not tolerate any form of forced or child labour within its supply chain. To manage such risk, TR Group will implement appropriate contractual obligations, including, but not limited to, compliance with TR Group's Code of Conduct and audit provisions.

ARTICLE 7: EMPLOYEE TRAINING

- 7.1 TR Group is developing an employee training program to make our employees aware, knowledgeable, and capable of reporting the risks of forced or child labour in our business. TR Group is also developing employee onboarding materials to ready employees for such training program.

ARTICLE 8: MEASURES TAKEN TO REMEDIATE:

- 8.1 As of the date of this statement, TR Group has not identified any instances of forced or child labour in our business. Therefore, we have not been required to take remedial measures.

ARTICLE 9: ASSESSING EFFECTIVENESS

- 9.1 TR Group has not taken any actions to assess the effectiveness of its actions in preventing and reducing risks of forced and child labour in our business. In the future, we will begin assessing the effectiveness of our actions by evaluating key performance indicators, namely the number of staff trained, the number of suppliers and contractors screened, the number of reported breaches, and the instances of remedial actions being taken.

ARTICLE 10: APPROVAL OF THE STATEMENT

- 10.1 This statement is made in accordance with Section 11 of the Supply Chains Act and represents TR Group's joint statement for the financial year ending on October 1, 2023.
- 10.2 TR Group has acted in consultation with Trac Rail Inc. and TR Controls Inc. in preparing this statement.
- 10.3 This statement was approved by the Board of Directors of TR Holdings Inc. pursuant to Paragraph 11(4)(b)(ii) of the Supply Chains Act on May 29, 2024.
- 10.4 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.

[Signature Page Follows]

DATED 29 May 2024

TR Holdings Inc.

Per: 

Name: **Sam Hassan**

Title: **Director**

I have the authority to bind the
corporation