

# **XTL Transport Inc., and its Subsidiaries Joint Report Against Forced Labour and Child Labour in Supply Chains**

XTL Transport Inc. (“XTL Transport”) as a reporting entity and its wholly owned subsidiaries are submitting this joint report against forced labor and child labour in our organization and our supply chains.

This report covers the fiscal year ended January 1<sup>st</sup> 2023 to December 31, 2023, and the following legal entities.

XTL Transport Inc.,

XTL Distribution Inc. (“XTL Distribution”) and

XTL Logistics Inc. (“XTL Logistics”)

This report has been provided and shared with its shareholders along with the annual financial statements of fiscal year ended December 31, 2023 as at May 28<sup>th</sup>, 2024.

## *XTL Transport: Structure, activities and supply chains*

XTL Transport is a privately held corporation that wholly owns XTL Logistics and XTL Distribution. All these three companies are corporations. The head offices of all of these corporations are located at 75 Rexdale Boulevard, in Toronto, Ontario. We also have key offices in the provinces of Quebec, Alberta and BC.

XTL Transport employees over 570 employees across differing service offerings. The main service offerings are:

- Asset based Transport and Brokerage services
- Warehousing and Distribution

XTL Transport offers customers an extensive and diverse fleet of assets to accommodate any transportation requirement you may have. We have over 400 tractors and more than 1,200 trailers including tandems and tridems. These axle configurations apply to our dry vans as well as our TempSolution™ fleet of both reefers and heated trailers.

We run only new-model equipment and implement rigorous maintenance programs to minimize downtime which helps to ensure your goods are always safe and arriving on-time across Canada. Our internal procedures and policies are also positive contributors to our environmental footprint.

All XTL facilities spanning from Montreal to Vancouver act as our hubs to deliver to any destination throughout the country and across the border. Rail access is available to efficiently transload intermodal freight at our Montreal, Toronto and Vancouver locations.

We have multiple warehousing and distribution centers strategically located across Canada with more than 2 million square feet of combined dry/ambient storage space. Our facilities in Toronto and Montreal are fully equipped with rail siding providing the ability to ship, receive and transload boxcar and flatcars on a daily basis.

XTL Transport is involved in the supply chain as it transports and warehouses various goods in the supply chain. It does not produce or import goods. We provide end to end transportation services (over the road, cross border, intermodal), as well as warehousing and distribution services.

The XTL Mission statement is to: Provide customers with fully-integrated-supply-chain solutions to support their business needs and add value to their core competencies. Our customers and qualified strategic partners will benefit from our company-wide commitment to understanding and responding to their business needs in a safety-first and regulatory-compliant environment that delivers on-time results. Our employees will prosper in a challenging and safe environment that embodies our LEAD WITH GRACE values. These values are:

<ul style="list-style-type: none"> <li>• Leadership</li> <li>• Empowerment</li> <li>• Appreciation</li> <li>• Diversity</li> </ul>	<ul style="list-style-type: none"> <li>• Work Ethics</li> <li>• Integrity</li> <li>• Trust</li> <li>• Honesty</li> </ul>	<ul style="list-style-type: none"> <li>• Growth</li> <li>• Respect</li> <li>• Agility</li> <li>• Creativity</li> <li>• Excellence</li> </ul>
--	--	--



## LEAD WITH GRACE

**LEADERSHIP**

**EMPOWERMENT**

**APPRECIATION**

**DIVERSITY**

**WORK ETHICS**

**INTEGRITY**

**TRUST**

**HONESTY**

**GROWTH**

**RESPECT**

**AGILITY**

**CREATIVITY**

**EXCELLENCE**



"Breaking down every single aspects of our business and look for areas where we can improve"

We encourage and support personal expression, applied expertise and professionalism for the mutual benefit of our customers, employees, and the company. Our success will be measured by service, safety, retention, environmental footprint, and profitability.

### *XTL Policies*

XTL Transport has a number of policies in our organization in regards to the commitment, respect and fairness towards our employees and XTL's social and environmental responsibilities towards our planet. XTL also has a policy on what we expect of our suppliers in relation to these above items. Some of our policies are listed below, some of which related specifically to anti-forced and child labour.

- *A Living Wage Policy*
- *XTL Supplier Code of Conduct Policy*
- *XTL Code of Ethics and Conduct Policy*
- *Employing Young Workers: Anti child and Anti Forced Labour Policy*
- *Employee Handbook*
- *Health and Safety and Security Policy*

In regards specifically to XTL Transport we do not often hire any employees under the federal legal working age limit of 18<sup>1</sup>, When we do hire under 18, we comply with the federal regulations for employees under 18 which is outlined in our mentioned *Employing Young Workers: Anti Child and Anti Forced Labour Policy* above.

We have strict identification and on-boarding protocols including reviewing of government issued identification, reference and police checks before hiring an employee, we also have a policy in place for employing young workers and anti-child, anti forced labour and whistleblowing policies in place to prevent these practices from taking place in our employ or facilities.

XTL Transport also is involved in many social and environment lead initiative such as:

- Smartway Certification
- Ecovadis
- Driving for a Greener Tomorrow Fleet Program

These social initiatives promote our internal and external commitment to social and environmental ethics and social responsibility including our parallel commitment against child and forced labour.

---

<sup>1</sup> <https://www.canada.ca/en/services/jobs/workplace/federal-labour-standards/pay-deductions.html> On June 12, 2023, the *Canada Labour Code, Part III* (Code) and the *Canada Labour Standards Regulations* were amended to raise the minimum age of employment from 17 to 18.

XTL Transport Inc. also holds the following memberships which are very much part and parcel of increasing security around the International supply chain:

- CTPAT: Customs Trade Partnership Against Terrorism.
- PIP (Partners in Protection Program)

These above memberships are administered by the Canadian Border Service Agency, run by the Government of Canada, and again encompass XTL Transports values that are parallel to our commitment against human trafficking, child and forced labour.

### *Recognition of Forced labour and child labour risks in the Supply Chain*

XTL recognizes the potential risk of forced labour in its vendors and customers in the supply chain, and would like to remediate that risk as much as possible. One of the ways in which we do so is to adhere to our XTL Supplier code of Conduct Policy, and our XTL Code of Ethics and Conduct policy.

As Outlined in our *XTL Code of Ethics and Conduct Policy* “

- *XTL Transport Inc. will not tolerate the use of child or forced labor in any of its global operations and facilities.*
- *We will not tolerate the exploitation of children, their engagement in unacceptably hazardous work, and the physical punishment, abuse, or involuntary servitude of any worker.*
- *We expect the suppliers and contractors with whom we do business to uphold the same standards. Should a pattern of violation of these Principles become known to XTL Transport Inc. and not be corrected, we shall discontinue the business relationship.* “

As Outlined in our *XTL Supplier Code of Conduct Policy*

#### *“Forced Labour:*

*The supplier must employ workers who choose to be employed by the supplier. The supplier must not use any forced, bonded or indentured labor or involuntary prison labor. All work shall be voluntary, and workers must be free to leave upon reasonable notice.*

#### *Child Labour:*

*The supplier must commit to a zero-tolerance policy toward the use of child labour in any stage of manufacturing. The term “child” refers to any person under the age of 15 (or 14 where the law of the country of manufacture allows). Workers under the age of 18 must not perform work that is likely to jeopardize the workers’ physical or mental health and/or safety. The use of legitimate workplace apprenticeship programs, which comply with all local laws and regulations, is permitted.”*

## Due Diligence and Remediation Measures

XTL Transport does a yearly risk assessment review on this review among other things are threats. One of these threats are the Geographical risk of Slave/Child Labour.



Risk / Threat	Level of Risk			Impact			Counter Measures
	Low	Medium	High	Low	Medium	High	
Geographic Risk of:							<ul style="list-style-type: none"> <li>• Currently we do not Operate in areas vulnerable to Terrorism, Human Smuggling or Political Instability.</li> <li>• Staff and Drivers are trained on how to identify these risks and to report any suspicious activity.</li> <li>• Truck load carrier hauling commodities not considered of value for terrorism</li> </ul>
• Terrorism	X					X	
• Human Smuggling	X					X	
• Slave / Child Labour	X					X	
• Political Instability	X					X	

XTL has also developed and implemented due diligence policies and processes for identifying, addressing and prohibiting the use of forced labour and/or child labour in XTLs activities and supply chains via an 80% mapping review on our vendors and customers.

In regards to our Supplier Code of Conduct Policy we have identified the top 80% customers and Suppliers. Of these customers, 98% are publicly traded companies all of which have policies on Anti Child/ Anti-slave labour, and all have ESG polices. Going forward we will review these policies on an annual basis as part of our due diligence process.

In regards to our vendors Most of our 80% of vendors do have a publicly displayed anti-labour policy - some of our vendors are other carriers, 33% are our employees, and some banks and real estate companies that are not directly involved in the production, importation or distribution of goods

### On the topic of Remediation of loss of income

As XTL Transport only provides transport, logistics and warehousing solutions in which It operates according to the federal labour laws it cannot as an organization foresee the potential of loss of income effects in it's supply chain to remove the child or forced labour and the consequences of this effect to vulnerable families. XTL agrees that efforts to prevent and reduce the risk of forced labour and child labour can have the unintended consequence of contributing to a loss of income for vulnerable families, however it is not possible for XTL to measure this across all of it's supply chains where the risk of child or forced labour is possible and is able to be remediated. No measures have been taken in this area.

## *Training Campaign*

In regards to XTL Transport and our Supply Chain we have three policies already in place:

- *XTL Supplier Code of Conduct Policy*
- *XTL Code of Ethics and Conduct Policy*
- *Employing Young Workers: Anti child and Anti Forced Labour Policy*

Where we can add to these above policies is to encourage an if you see something say something policy if company staff have any concern or suspicions regarding the presence of modern slavery and/or child labour.

XTL Transport also will be continuing to train employees on our due diligence vetting of over 80% of it's customer and vendor supply chain (that are not our own employees who adhere to the above policies) to make sure they have an anti-child and anti-forced labour policies in place and encourage them to do so.

## *Approval and final thoughts.*

At XTL Transport we do not produce goods in Canada or elsewhere, nor do we import goods produced outside of Canada for sale, this is not our line of business. We are however committed to doing our part to stop modern slavery and child labour.

In accordance with the requirements of the Act, and in particular section 11 thereof, the board attests that they have reviewed the information contained in the report for the entities listed above. This report has been adopted by XTL Transport Inc.' Board of Directors on May 28<sup>th</sup>, 2024 and approved by its Board of Directors on the same day, and will be signed by Serge Gagnon, President & CEO, and member of the Board.



Serge Gagnon, President & CEO