

2025 FORCED LABOUR AND CHILD LABOUR REPORT

Introduction

This report has been issued in accordance with *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, S.C. 2023, c.9 (the “Act”), also known as the Modern Slavery Act, which came into force on January 1, 2024. It covers the reporting period from January 1, 2025 to December 31, 2025.

This report outlines our initiatives and policies aimed at identifying and combating modern slavery, including forced labour and child labour, within our operations and supply chains.

Structure, Activities, and Supply Chains

Structure

Penn-co Construction Canada (2003) Ltd. (“Penn-co”) began as a small farm-based logging operation near the village of Blumenort, Manitoba, Canada. It was incorporated on May 1, 2003, pursuant to the *Manitoba Corporations Act*. Currently, Penn-co offers comprehensive general contracting services spanning several provinces, including Manitoba, Ontario, and Nunavut. Our scope of services encompasses General Contracting, Construction Management, Design-Build, and Integrated Design Process solutions.

Penn-co’s mission is to provide exceptional construction services that exceed our clients’ expectations. We strive to achieve this by delivering high-quality workmanship and maintaining open and transparent communication throughout every project. Our goal is to be recognized as a leader in the construction industry, respected for our commitment to safety, sustainability, and customer satisfaction. We are dedicated to building long-lasting relationships with our clients, partners, and employees, and we are passionate about construction projects that enhance the communities in which we work.

Penn-co operates from two offices, comprising its recently constructed headquarters situated in Steinbach, Manitoba, and a smaller subsidiary office situated in Winnipeg, Manitoba. Furthermore, the company maintains parcels of land in Ste. Anne and Blumenort, Manitoba, designated for the storage of construction equipment and for the staging of materials destined for various projects and job sites.

During 2025, Penn-co employed up to approximately 547 Canadian employees during its peak operational season. This figure fluctuated throughout the year due to the seasonal nature of the Canadian construction industry, which sees reduced activity during the winter and early spring months. Additionally, the number of employees may vary based on the number and type of ongoing projects. It is important to note that this number excludes independent contractors, who are not directly employed by Penn-co.

Empowering today for a better tomorrow

Activities and Supply Chains

Penn-co's direct procurement of project materials and equipment is generally limited to self-performed work and relatively low-value purchases. For the majority of its projects, Penn-co engages subcontractors and suppliers within the construction industry to procure the materials and equipment required to complete their respective scopes of work.

In 2025, Penn-co worked with approximately 4,450 vendors, suppliers, and subcontractors (collectively referred to as "Suppliers") across Canada. Roughly 95-98% of all goods used on Penn-co projects were sourced from Canadian-owned resident corporations. While Penn-co primarily procures goods, materials, and services through Canadian suppliers, the manufacturing of certain products and the sourcing of some goods and services may occur outside of Canada. Regardless of origin, all Suppliers are expected to comply with applicable Canadian laws, regulations, and standards.

Further, with respect to Penn-co's supply chain, Penn-co's standard subcontract and supply agreements require Suppliers to exercise due diligence in understanding the origin of the materials and equipment used within their supply chains and to ensure there is no evidence of forced labour or child labour associated with those supply chains.

Direct procurement of goods, materials, and services is managed internally by Penn-co staff. The range of items procured directly fluctuates based on project requirements and may comprise steel, concrete, lumber, fuel, electrical and mechanical equipment, and other various construction materials. Depending on the project, there may be a need to procure or rent specialized construction equipment. The types of services directly procured in this manner vary according to the specific demands of each project.

Penn-co does not tolerate the use of forced or child labour in any form. If Penn-co becomes aware of the existence of forced or child labour within a Supplier's supply chain, the company will engage with the Supplier to address and remediate the harmful practices, with particular focus on avoiding or minimizing adverse impacts on vulnerable workers and their families. Where remediation is not possible, Penn-co will cease to work with that Supplier.

Policies and Due Diligence Processes

Policies

Over time, Penn-co has developed numerous policies and operational procedures aimed at fostering responsible and ethical conduct across all aspects of its operations, including those involving Suppliers. These policies and protocols are regularly reviewed and updated as needed. Complying with these policies and procedures furthers Penn-co's goal of ensuring ethical business practices and that there is no use of forced or child labour at Penn-co.

In its efforts further its goal, Penn-co plans to develop and implement a form of Supplier Code of Conduct, that in part requires that Suppliers take reasonable steps to identify, assess, and

address risks of forced and child labour practices in their operations and supply chains used in the provisions of any goods or services.

Due Diligence Processes

As mentioned, Penn-co's procurement of materials and equipment is limited. However, Penn-co exercises reasonable due diligence in its procurement by its development and implementation of corporate policies that apply to its Suppliers and impose obligations on them to ensure that forced and child labour are not used in their operations or supply chains.

As an example, for each project, Penn-co issues its standard subcontract and supply agreements to Suppliers. During the reporting period, Penn-co implemented enhanced contractual provisions within these agreements requiring Suppliers to comply with all applicable laws, including the Act. These provisions further require Suppliers to promptly notify Penn-co of any actual, suspected, or potential violations of the Act and to provide Penn-co with copies of any reports filed pursuant to the Act. In addition, Suppliers are required to ensure that their own suppliers, sub-subcontractors, and other third parties engaged within their supply chains are subject to equivalent obligations and standards.

It is important to note that a majority of the materials and equipment sourced by Penn-co are procured domestically in Canada by other Canadian businesses who are also obligated to comply with the requirements of the Act and other applicable Canadian legislation.

Risk Assessment and Management

As Penn-co operates within Canadian borders and deals with a majority of Canadian Suppliers its operations are at low risk for forced labour and child labour due to the legal frameworks mandated at both the federal and provincial levels, and Penn-co's adherence to the applicable legislation and regulations.

However, there is some minimal risk of child labour, as defined in Section 2 of the Act, particularly in Penn-co's projects in the northern regions of some provinces. The primary concern is the potential employment by Penn-co of underage individuals on job sites, which is exacerbated by difficulties faced by those individuals in accessing government-issued identification due to the remoteness of their home communities. To mitigate these risks, Penn-co mandates that all prospective employees undergo an onboarding process, which includes providing pertinent information such as birth date and age, as well as obtaining valid identification where available.

Remediation Measures

Within the 2025 financial reporting period, no instances of forced or child labour at Penn-co or within its supply chain were detected or report to Penn-co. Therefore, no remedial actions have been required. Penn-co will continue to monitor its activities and supply chains closely and will promptly address any occurrences of forced or child labour should they arise.

Remediation of Loss of Income

As Penn-co has assessed that there was no evidence of forced or child labour at Penn-co or within its supply chain in 2025, there was no resulting loss of income to vulnerable workers or families to be remediated.

Education and Training

While no formal training exists currently, all members of our human resources staff have undergone comprehensive training on labour laws and human rights, albeit not specifically tailored to forced or child labour.

Looking forward, Penn-co will develop education training sessions to educate employees on the effects of forced and child labour in our supply chain.

Assessing Effectiveness

Penn-co acknowledges that it has a responsibility to mitigate the risks of forced and child labour in its supply chain. Accordingly, Penn-co is in the process of developing a formal process for measuring effectiveness in the mitigation and prevention of forced and child labour risks.

Approval and Attestation

This report was approved by the governing body of Penn-co Construction Canada (2003) Ltd. on May 28, 2025, pursuant to section 11(4)(a) of the *Act*.

In accordance with the requirements of the *Act*, and in particular section 11 thereof, I, in the capacity of President, Sole Director, and Officer, attest that I have reviewed the information contained in this report on the behalf of the governing body of the entity 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.

I have the authority to bind Penn-co Construction Canada (2003) Ltd.



Dan Reimer
President
Penn-co Construction Canada (2003) Ltd.