



Arrow Machine and Fabrication Group Inc.

2023 Statement Regarding Modern Slavery and Child Labour

May 2024

Arrow Machine and Fabrication Group Inc. (Arrow) is a Canadian company based in Guelph, Ontario, Canada employing approximately 1,000 team members and focuses on manufacturing machined and fabricated components and assemblies for global OEM customers. The company is the parent entity and owner of CGL Manufacturing Inc., Steelcraft Inc., VeriForm Inc., Baumeier Inc. based in Canada, Kenona Industries LLC based in the United States of America and CTS based in China.

This report focuses on the Canadian operations of Arrow for the 2023 calendar year. The operations in the United States of America and China are not covered by this report and the company complies with reporting requirements in those jurisdictions as required.

For reporting purposes the business information numbers for the companies covered under this report are Arrow BIN 76957 6604 / CGL Manufacturing BIN 82277 7850 / Steelcraft Inc. BIN 86719 4508 / Veriform Inc. BIN 88754 7347 / Baumeier BIN 12623 0697.

Modern slavery – including but not limited to forced labour and child labour and human trafficking are contrary to our Vision, Focus and Values (Safety, Honesty, Integrity and Respect). We do not tolerate slavery or human trafficking in our organization or in those of our suppliers and subcontractors. We hold ourselves to the highest standard and expect Arrow team members, contract workers, and members of the Board of Directors, of Arrow Machine and Fabrication Group and all its subsidiaries to act with integrity and always comply with the letter and spirit of the laws, regulations and rules that apply to Arrow in the jurisdictions where we operate. If instances arise where these expectations are not met, we will review and respond.

Arrow is required to report on risks associated with modern slavery in our supply chain with select customers. In turn, we have developed a corporate social responsibility policy that states:

We recognize that our social and environmental sustainability as well as our ethical conduct has an impact upon our reputation. We take our corporate social responsibilities (CSR) seriously and are committed to implementing policies and systems to support this responsibility throughout the organization. These include employing good ethical behavior, concern for employee health and safety, care for the environment, and community involvement.

The CEO and Executive Team have ultimate responsibility for CSR and are committed to developing and implementing appropriate policies. Sound company ethics makes business sense by helping to minimize risk, ensuring legal compliance, enhancing company efficiency, and building reputation amongst stakeholders.

Business Ethics

We expect all our business activities to be conducted in accordance with high standards of ethical conduct and in full compliance with all applicable national and international laws. We in turn apply these standards to all dealings with customers, suppliers, employees, and other stakeholders.

At Arrow we will do our utmost to contract only with subcontractors or suppliers who themselves adhere to international human rights and environmental laws and practices.



Health and Safety

The CEO and Executive Group have responsibility for the health and safety and environmental performance of their operational areas. Arrow is committed to meeting and, or, exceeding all relevant health and safety legislation, regulation, and codes of practice.

The CEO and Executive Group ensure regular inspections and internal audits of health and safety performance are conducted and have regular designated health and safety training. The Group's health and safety performance and significant risk exposures are reviewed regularly by management and the Board.

Environment

Good environmental practice and the impact our operations have on the environment are of great importance to Arrow. The main aim of the Arrow Environmental Policy is to comply with all relevant legislation in all areas in which we operate and to adopt responsible environmental practices. Arrow is currently ISO14001 certified at select facilities.

Team Members

Arrow aims to attract, retain, and motivate the highest caliber of employees within a structure that encourages their development and initiative.

Employees are provided with ongoing learning and development opportunities through a Personal Development Program which allows them to satisfy their personal growth and meet the Group's strategic objectives. These development opportunities are reinforced with appropriate fair and competitive remuneration, benefits, incentive, and recognition systems.

Management development and succession planning are processes that are recognized as being critical to the future success of Arrow and are managed through a variety of training opportunities at all levels within the business.

Two-way communication is recognized as being particularly important as it relates to the business and its performance. A variety of tools are utilized to achieve this including management briefings and regular team meetings.

Arrow does not utilize forced labor in any of their operations and does not employ nor support the use of child labor.

Community

Arrow recognizes the role local communities play in our businesses. We aspire to be a responsible partner in the communities in which we operate. We encourage all our businesses to support the needs of their communities by contributing to local community initiatives.

Our Commitment:

We intend to continue to assess and refine key performance indicators to measure our success in operationalizing the commitments in our Corporate Social Responsibility Policy and continuously improve our approach to human rights. We will be focusing our efforts in 2024 on identifying and eliminating risks in our operations and supply chains related to modern slavery. This will include supplier communication, supplier visits and, where required, supplier training. In addition, training of the Arrow team and stakeholders is critical to ensuring our values are upheld and that we hold ourselves accountable.

We will conduct screening of major suppliers, which will allow us to baseline a supplier's risk profile and subsequently flag and assess any activities that would violate our Corporate Social Responsibility Policy. We will discuss any instances where corrective actions are required with the supplier and track these issues to completion.



Our Consultation and Governance Process:

In preparing this Statement, Arrow engaged with each of the reporting entities covered by this Statement, and with other entities it owns or controls. It also consulted with key areas of our organization to prepare this Statement, including Procurement, Finance, and Human Resources. These teams operate across our enterprise, including across the subsidiaries to which this Statement applies. This consultation process has supported our enterprise-wide approach to modern slavery.

Conclusion:

Arrow remains committed to preventing slavery and human trafficking from taking place in our businesses and in our supply chains. We will continue to review our policies, procedures, and practices periodically to determine any enhancements we can make to help prevent modern slavery and human trafficking.

Approval:

This Statement was approved by the board members of Arrow Machine and Fabrication Group Inc. and its subsidiaries as of May 14, 2024.

Attestation Pursuant to Section 11 of the Canadian Act:

In accordance with the requirements of the Canadian Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities subject to the Canadian Act. 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.

Signed by

A handwritten signature in black ink, appearing to be "M. Ritchie".

Michael Ritchie

President, CEO and Director

Arrow Machine and Fabrication Group Inc.

May 14, 2024

