

STRAIT'S 2023 AN ACT TO ENACT THE FIGHTING AGAINST FORCED LABOUR AND CHILD LABOUR IN SUPPLY CHAINS ACT AND TO AMEND THE CUSTOMS TARIFF ("BILL S-211") REPORT

Introduction

STRAIT Group Ltd. ("STRAIT") is dedicated to preventing and combatting forced labour and child labour in our supply chains. In accordance with Bill S-211, STRAIT has taken, and will continue to take, measures to identify and prevent the risk of forced labour or child labour in our supply chains. STRAIT's efforts in these endeavours underscores our commitment to the prevention of forced labour and child labour in supply chains, and in the global fight against modern slavery.

Structure, Activities, and Supply Chain

STRAIT is comprised of STRAIT Pipeline and Integrity Ltd., STRAIT Mechanical Ltd., and Ideal Coatings and Fabrication Ltd. STRAIT is governed by our Senior Executive Team. Each member of our Senior Executive Team is involved in varying capacities in the management of STRAIT's departments which include Business & Corporate Development, Corporate, Finance, QHSE (Quantity, Health, Safety, and Environment), Operations, and PMO (Project Management Office). STRAIT's Senior Executive Team is ultimately responsible for shaping and guiding the direction of STRAIT and its subsidiaries.

STRAIT has a proud history of providing industry leading services across Western Canada. These services include new pipeline construction, pipeline maintenance, integrity services, new facility construction, facility maintenance, structural steel fabrication, carbon pipe fabrication, modular fabrication, and industrial coatings.

STRAIT is dedicated to, and has a strong track record of, building long-term and communicative relationships with our vendors, suppliers, and subcontractors. STRAIT is committed to building working relationships with vendors, suppliers, and subcontractors that uphold nationally and internationally accepted human rights and labour practices. Additionally, STRAIT makes reasonable efforts to ensure that we are involved in business dealings with entities that have a track record of open and honest business and labour practices.

STRAIT primarily sources our third-party materials and labour from local businesses, and we place an emphasis on working with businesses that are active members of the community, and that are either owned, operated, or

affiliated with local First Nation and Métis communities. Furthermore, STRAIT is an active member of the communities we work in, providing community investment, training and employment opportunities, in addition to consulting with local, First Nation, and Métis communities.

STRAIT's dedication to the abolition of forced labour and child labour in supply chains can be found at every level of our organization. STRAIT has put into action policies that seek to prevent the risk of forced labour and child labour in our supply chains, as well as encourage our employees, vendors, suppliers, and subcontractors to do their part in the global fight against modern slavery by reporting any instances of forced labour and child labour they become aware of. STRAIT is steadfast in our attentiveness to the circumstances that our policies and efforts must address, and, as such, we are dedicated to continually adapting and updating our policies and procedures to this effect.

Policies

STRAIT has created, and put into practice, our Anti-Forced and Child Labour Policy. This policy is designed to detail the measures and reporting obligations aimed towards the prevention of forced labour and child labour in STRAIT's supply chains, in compliance with Bill S-211. Within this policy STRAIT emphasizes our zero tolerance approach to forced and child labour; the due diligence processes and risk assessments we employ to address the risk of forced labour and child labour in our supply chains; the training STRAIT employees are provided with regarding forced labour and child labour; the remediation processes STRAIT will employ should we become aware of an instance of forced labour or child labour in our supply chain; the roles and responsibilities of STRAIT's Senior Executive Team, STRAIT's employees, STRAIT's vendors, suppliers and subcontractors in the abolition of forced labour and child labour in supply chains; the mechanisms of reporting that our employees, vendors, suppliers, and subcontractors can utilize to report instances of forced labour or child labour; and our processes for reporting our efforts in addressing the risk of forced labour and child labour in supply chains.

Additionally, in our fight against forced labour and child labour in our supply chains, STRAIT abides by the terms and process set out in STRAIT's Code of Business Conduct and Ethics, STRAIT's Corporate Social Responsibility, STRAIT's Anti-Bribery and Anti-Corruption Policy, and STRAIT's Whistleblower policy.

Namely, the purpose of STRAIT's Whistleblower Policy is to protect and encourage our employees, vendors, and subcontractors in reporting instances that are in violation of STRAIT's policies and procedures, including STRAIT's Anti-Forced and Child Labour Policy.

Should current or past employees of STRAIT, or our vendors, suppliers, or subcontractors, become aware of an instance of forced labour or child labour within STRAIT's supply chain, they are encouraged to report these instances to a member of STRAIT's Senior Executive Team via whistleblower@strait.ca or via STRAIT's WorkHub portal.

Due Diligence Processes and Monitoring

As outlined in STRAIT's Anti-Forced and Child Labour Policy, STRAIT stringently evaluates each vendor, supplier, and subcontractor prior to beginning business dealings with them. STRAIT takes reasonable measures to ensure that any entity we engage in business dealings with is in compliance with nationally and internationally accepted human rights and labour practices, that the entity has a strong track record of transparent and open business and labour practices, and that the entity is in compliance with Bill S-211, if applicable.

STRAIT takes reasonable steps to ensure that our vendors, suppliers, and subcontractors are informed and are in compliance with any changes to STRAIT's policies and procedures, including STRAIT's Anti-Forced and Child Labour Policy. Consequently, as amendments to our existing policies are made and new policies are implemented, STRAIT is able to monitor and reassess our vendors, suppliers, and subcontractors to ensure they are in consistent compliance with Bill S-211 and with STRAIT's Anti-Forced and Child Labour Policy.

If STRAIT has reason to suspect that a vendor, supplier, or subcontractor that we have business dealings with is involved in or has utilized forced labour or child labour, STRAIT will formally inquire into their business practices and immediately cease business dealings with the entity in question until STRAIT can be reasonably sure that the entity is not involved in and has not utilized forced labour or child labour. Should a vendor, supplier, or subcontractor that STRAIT has business dealings with be found to be involved in or to utilize forced labour or child labour, STRAIT will immediately and permanently cease business dealings with the entity.

Risk Assessment

By stringently evaluating each vendor, supplier, and subcontractor prior to engaging in business dealings with them, STRAIT is able to discover and accordingly address any circumstances that may be associated with a high-risk level of the utilization of forced or child labour in supply chains. This process allows STRAIT to avoid entering business dealings with an entity that has a high risk of forced labour or child labour in their supply chains and thus reasonably curb the chances of an unknown instance of forced labour or child labour existing within a supply chain utilized by STRAIT.

Furthermore, as STRAIT predominantly sources our labour and third-party resources from local vendors, suppliers, and subcontractors, and we are committed to fostering long term and communicative relationships with these entities, STRAIT greatly reduces our use of supply chains that operate in areas that are known to be considered high risk for the use of forced labour and child labour.

However, should STRAIT have reason to believe that an entity we have had business dealings with for some time—regardless of our preexisting relationship—is or has been involved in the utilization of forced labour or child labour, or has shown signs that indicate a high-risk level for involvement in the utilization of forced labour or child labour, STRAIT will formally inquire into their business practices and cease business dealings with the entity until we can be reasonably sure that the entity is not involved in the utilization of forced labour or child labour.

Remediation

In 2023, STRAIT did not discover or identify any instances of forced labour or child labour in our supply chains; therefore, STRAIT did not take any remedial measures in its fight against forced labour or child labour in our supply chains, nor in effect to remediate the loss of any income to vulnerable people or families.

Training and Accountability

As part of STRAIT onboarding process, all employees are required to review and acknowledge each of STRAIT policies, including STRAIT's Anti-Forced and Child Labour Policy. Furthermore, as policies are amended or new policies are implemented, STRAIT's employees must review and acknowledge these amendments or new policies. As such, STRAIT is able to ensure that our employees are familiar and acquainted with STRAIT's stance against forced labour and child labour and are equipped with the knowledge and tools they need to do their part in the global fight against modern slavery.

To this effect, STRAIT's Whistleblower Policy clearly outlines the necessary steps for STRAIT's employees, vendors, suppliers, and subcontractors to take should they become aware of an instance of forced labour or child labour in STRAIT's supply chains. Additionally, STRAIT's Whistleblower Policy ensures no one will ever face repercussions for reporting an instance of forced labour or child labour, or any other instance that is in violation of any one of STRAIT's policies or procedures.

Assessment of Effectiveness

STRAIT's Senior Executive Team is responsible for evaluating the success of STRAIT's efforts in the prevention and addressment of forced labour and child labour in STRAIT's supply chains. This is done annually prior to the commissioning of STRAIT's annual report in compliance with Bill S-211 by assessing our existing policies and procedures, and by reviewing the results of any formal inquiries made into instances of forced labour or child labour within STRAIT's supply chains.

To this extent, should the need for amendments to STRAIT's existing policies, or the need for the implementation of new polices be identified, STRAIT's Senior Executive Team will take the appropriate measures to ensure this occurs.

In 2023, STRAIT found our efforts in the assessment, prevention, and addressment of forced labour and child labour in our supply chains to be adequate, and we are committed to continually refining and adapting our policies and procedures to further address and advance our position in the global fight against modern slavery.

Approval

In adherence of the requirements laid out in Bill S-211, namely in accordance with those detailed in Section 11 therein, I hereby affirm that I have thoroughly reviewed the information presented within this report regarding the entities mentioned herein. To the best of my knowledge and after exercising reasonable thoroughness, I hereby certify that the information contained in this report is truthful, precise, and comprehensive in all significant aspects for the designated reporting year.



Scott Pomeroy

President,
May 29, 2024