



Fighting against forced labour and child labour in supply chains report

May 31st, 2025

About this Report

Modern slavery refers to forms of contemporary slavery, such as forced or compulsory labour, child labour, debt bondage, human trafficking or any other internationally recognized exploitative labour practices. It is a significant global issue impacting different industries, sectors and geographic locations. The Canadian government has committed to preventing and reducing these risks and has established legislation to require certain entities to report on the measures taken in this regard.

IKO Enterprises Limited and its affiliates (together, “IKO”) recognizes that modern slavery, including forced labour and child labour, is a complex issue that can exist in a variety of forms through global supply chains. IKO recognizes it has an important role to play in safeguarding the rights of its workers, advancing its supply chain transparency, and mitigating the risks of modern slavery.

As a company that has been in operation for more than 60 years, IKO has remained firmly rooted in its foundational values, entrepreneurial spirit and commitment to quality. IKO maintains its fierce independence and adheres to its belief in the importance of controlling the raw materials used in its manufacturing processes; a practice known as “vertical integration”.

Scope, Definitions and Boundaries

This joint report is provided in relation to Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "Act") and related guidance from Public Safety Canada, for the reporting period of January 1, 2024, to December 31, 2024. The Report outlines the steps IKO and its subsidiaries have taken for the reporting period related to the prevention and detection of modern slavery, within its activities and supply chain.

This report has been prepared on behalf of **IKO Enterprises Ltd.** as the main reporting entity, its affiliates, and direct and indirect subsidiaries noted below:

- IKO Enterprises Commercial ULC
- IKO Sales Limited
- IKO Industries Ltd.
- CanRoof Corporation Inc.
- IG Machine and Fibers Ltd.

Structures, Activities and Supply Chains

Business and structure

IKO is a leader in the manufacturing and distribution of residential and commercial roofing, waterproofing and insulation products. The private, family-owned, Canadian Company offers a diverse range of products, including asphalt shingles, roofing membranes, insulation, and related roofing accessories, all designed to meet the needs of homeowners, commercial, and industrial markets in North America and Europe.

IKO's corporate offices are in North York, Ontario, Canada, and is home to its corporate functions and the executive team. There are currently 9 manufacturing plants and facilities supplying finished goods and raw materials. IKO's manufacturing facilities don't operate in isolation; they collaborate to ensure their processes and technologies are aligned. Each division and manufacturing plant strictly adheres to IKO's founding principles and is subject to IKO's corporate standards and processes.

IKO is among the top vertically integrated manufacturers in its industry, making almost every major component that goes into its roofing shingles and related roofing products. IKO's self-reliance on supplying most of its own materials means, not only is it able to control the quality of its final product, but also controls its sources of supply, allowing for stronger supply chain risk management. IKO oxidizes its own weathering asphalt, quarries and crushes its own limestone, colours its own granules, and makes its own back surfacing, at a variety of locations across North America.

Activities

IKO's activities are carried out through two business segments; residential roofing and commercial roofing and waterproofing.

- Residential roofing: IKO's plants in North America manufacture three classes of asphalt shingles; traditional 3-tab, architectural laminated, and premium designer. IKO also produces a complete line of high-quality accessory products that include ice and water protectors, starter strips, and hip and ridge capping shingles.
- Commercial roofing and waterproofing: IKO specializes in manufacturing rolled roofing and accessories, building envelopes, waterproofing, and rigid polyisocyanurate (ISO) insulation boards.

Supply Chain

IKO's supply chain encompasses various suppliers and contractors used to support and maintain operations. The majority of IKO's suppliers and contractors are located in Canada and the United States, where strong workers' rights and human rights legislation are enforced.

The Procurement function within IKO is responsible for several aspects of supply chain management, including strategic sourcing, contract management and commercial risk management (e.g., critical raw material risks). All divisions use a centralized Enterprise Resource System and a centralized Procurement-to-Pay System, which enable the implementation of standardized procedures and the consistent application of supplier terms and conditions across divisions.

IKO's primary procurement activities are as follows:

- Raw materials;
- Products/equipment required to support IKO's operations;
- Services required to support IKO's operations.

Values, Policies and Due Diligence Processes in Relation to Forced Labour and Child Labour

Values

At IKO, the corporate philosophy, vision and values are embraced by all members of management and employees. IKO believes that **sharing knowledge** helps find ways to improve the business for the benefit of all, **integrity** defines how it does what it says, **long-term thinking** frames the decision-making to help secure a brighter future, **performance** ensures that IKO will never stop trying to improve, **humility** creates honest, open and respectful relationships among all, and **agility**, combined with knowledge, helps IKO deliver sound decisions quickly.

Policies

IKO is committed to maintaining the highest standards of ethical conduct in all its dealings with employees, customers, and suppliers. As such, IKO has adopted and implemented several policies and practices that support responsible business practices and human rights, that demonstrate IKO's commitment to align with applicable laws, to foster safe work practices and to provide an ethical and respectful working environment.

IKO requires that employees, in the execution of their job responsibilities, faithfully observe all legal requirements placed upon them and adhere to a list of policies which include a Harassment, Discrimination & Violence Prevention Policy, a Business Ethics Policy, and Sustainability Policy Statement. All employees and contractors are expected to support the Occupational Health and Safety Policies, to comply with all safety and health rules, policies, procedures and programs, and to make safety and health part of their routine.

IKO's **purchasing policies** provide a framework for the procurement practices of goods and services, including respect for human rights and working relationships and conditions. The policies reinforce procurement ethics to ensure that honesty, care, and due diligence are reflected in all procurement activities between IKO, suppliers, and other stakeholders. Before selecting a new supplier, procurement teams are expected to make all reasonable efforts to ensure that suppliers are not purchasing conflict minerals and have not used child labour, forced labour, or prison labour, during the manufacture or distribution of goods. In 2024, IKO developed and distributed its Ethical and Sustainable Sourcing Supplier

Policy Statement internally. This document accompanied the newly developed Ethical and Sustainable Sourcing Supplier Policy Statement, which was distributed to all major suppliers, to review, sign and return.

IKO believes in open communication and demonstrates its commitment to integrity and accountability through its **Ethics Point, a confidential whistleblower hotline**, which is accessible to both employees and suppliers. This hotline provides an avenue for stakeholders to report any illegal, unethical, or unsafe acts.

Due Diligence Processes

IKO expects its suppliers to work in an ethical, sustainable, and safe environment as described in its Ethical and Sustainable Sourcing Supplier Code of Conduct, while maintaining the supply of high-quality goods. IKO developed and implemented a pre-qualification process for suppliers. IKO's pre-qualification process requires new suppliers to be evaluated against pre-established criteria and to complete an assessment form identifying the processes and programs they have in place. The topics addressed in this questionnaire relate to **quality assurance, responsible sourcing, environment and health and safety**. Among the form's requirements, the responsible sourcing pillar focuses on assessing suppliers' compliance concerning their efforts to ensure they are not using any conflict minerals, forced or child labour, or prison labour.

Policy Development and Review

During the 2024 reporting period, IKO undertook the development and circulation of the following key policy documents, reflecting IKO's ongoing commitment to ethical business practices, sustainability, and human rights:

- **Sustainability Policy Statement**

IKO has developed a comprehensive Sustainability Policy Statement to reinforce its commitment to managing the business in an ethical way that respects the wellbeing of people and the environment. This policy outlines IKO's dedication to sustainable business practices, responsible resource management, and ethical decision-making across its operations, while striving to incorporate IKO's sustainability values into its supply chain. By distributing this document internally, IKO ensures that every employee understands IKO's sustainability goals and their role in driving positive impact. This initiative aligns internal teams with its long-term vision for corporate responsibility, fostering a culture of accountability and continuous improvement in sustainability efforts.

- **Ethical and Sustainable Sourcing Supplier Policy Statement / Ethical and Sustainable Sourcing Supplier Code of Conduct**

IKO developed and distributed an Ethical and Sustainable Sourcing Supplier Code of Conduct to IKO's most material suppliers, reinforcing its commitment to responsible business practices. This code outlines IKO's expectations regarding human rights (including child and forced labour), environmental sustainability, labour rights, and ethical business practices sourcing, ensuring that all partners align with its values and compliance standards. By sharing this document and requesting key suppliers to sign it, IKO promotes transparency, accountability, and continuous improvement throughout its supply chain. IKO is dedicated to working collaboratively with its suppliers to uphold the highest standards of integrity and sustainability in all aspects of procurement. Additionally, IKO distributed its Ethical and Sustainable Sourcing Supplier Policy Statement internally to all employees ensuring all employees understand their role in driving positive impact on behalf of IKO.

Assessing the Risks of Modern Slavery in our Operations and Supply Chain

To identify parts of the supply chain that carry potential vulnerabilities and risks, as noted above, IKO engages with direct suppliers through a Risk Assessment Questionnaire to better understand forced and child labour risk. Through this exercise, IKO made inquiries of active suppliers about their processes and risks related to forced and child labour, as well as their country and sector risk as informed by the Walk Free Global Slavery Index.

Components of the Business and Supply Chain that Carry a Risk of Forced Labour and Child Labour

In 2024, the majority of IKO's direct suppliers and contractors were located in Canada and the United States, where strong labour rules are enforced. Therefore, IKO considers the risk of forced and child labour within its direct supply chain to be low. Nevertheless, IKO recognizes that due to the complexity of global supply, the risks of forced and child labour may exist in its supply chain. IKO is evaluating its supply chain risk assessment strategy to determine where risk may be present. IKO is also in the process of searching for an appropriate long term solution to proactively identify, evaluate, and mitigate risks of modern slavery in its supply chain.

To date, IKO has not been the subject of any investigation or convicted of any offence under any modern slavery laws.

Measures Taken to Remediate Forced Labour and Child Labour including Remediation of the Loss of Income to the Most Vulnerable Families

IKO has not identified any instances of forced or child labour in its activities and supply chains, within the financial year ended December 31, 2024. Therefore, no remediation measures have been taken. IKO acknowledges the importance of ongoing monitoring to ensure that forced and child labour risks remain mitigated within its operations and supply chains.

Training

In 2024, IKO partnered with a charitable organization focused on modern slavery mitigation to provide training to its Procurement Agents and Plant Managers as these functions are seen as having the greatest potential impact, with 100% of active Procurement Agents and Plant Managers as of December 31st, 2024 successfully completing the training prescribed program. This training was designed to help IKOs teams:

1. **Identify Risks:** Understand the signs and indicators of modern slavery within the supply chain.
2. **Compliance:** Ensure we comply with legal frameworks, such as the Canadian Fighting Against Forced Labour and Child Labour in Supply Chains Act and similar regulations in other regions.
3. **Implement Best Practices:** Learn effective strategies to assess, monitor, and address risks in supplier relationships.
4. **Respond Appropriately:** Equip teams with the tools to take swift action in case modern slavery concerns arise.

By enhancing the understanding of modern slavery laws, due diligence processes, and responsible sourcing strategies, IKO empowers its teams to make informed decisions that uphold human rights and corporate integrity. Through this initiative, IKO reinforces its commitment to ethical procurement and driving positive change across its supply chain.

Assessing Effectiveness

Internally, the strongest indicator of effectiveness is the continued circumstance that IKO has not been the subject of any investigation or convicted of any offence under any modern slavery laws. To ensure this is maintained, internal policies, procedures and training will continue to be monitored, maintained and required.

IKO will continue to engage our supply partners to review and engage with IKO's Ethical and Sustainable Sourcing Supplier Code of Conduct, while also working to incorporate this document into the onboarding of all new suppliers moving forward. In 2024, through leveraging our already strong relationships, IKO successfully achieved a high execution rate for key direct suppliers across raw materials, based on spend. The development, distribution and execution of this document provides IKO with greater insight into the actions of key suppliers, and ensures they are aligned with IKO's values. It also provides guidance for internal analysis on what sectors of IKO's supply chain to focus on when conducting future engagement initiatives or management activities. Where incidences of forced or child labour are identified in the supply chain, IKO will work with the relevant supplier(s) on a case-by-case basis to implement effective remediation measures to address them.

Approval of Attestation

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.



I have the authority to bind IKO Enterprises Ltd.,

David Koschitzky
Chief Executive Officer
May 31, 2025