



MODERN SLAVERY ANNUAL REPORT

FINANCIAL YEAR ENDED: AUGUST 31, 2024



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Introduction

Regulatory Compliance Overview:

The Canadian Fighting Against Forced Labour and Child Labour in Supply Chains Act (the “**Act**”) mandates that entities disclose the measures they have implemented over the fiscal year to mitigate the risks of forced and child labour (collectively, “**modern slavery**”) in their operations and supply chains. This is a report prepared for Arrow Speed Controls Ltd. (“**Arrow**”) (herein referred to as “**we**”, “**us**”, or “**our**”), a company operating within the Madison Industrial Group of businesses, and a subsidiary of Madison Venture Corporation (“**MVC**”) and its holding company Ael Holdings Ltd. (“**Ael**”). MVC and Ael have submitted their own joint report. Arrow is required to publish and report under the Act. This report covers Arrow’s fiscal year beginning September 1, 2023, and ending August 31, 2024 (“Fiscal 2024”) and outlines the measures Arrow has in place for fiscal 2024 to combat modern slavery.

About the Business

Arrow, a key business within the Madison Industrial Group of businesses, is a British Columbia corporation based in Richmond, British Columbia, with additional facilities in Mississauga, Ontario, and Lynwood, Washington. Arrow offers advanced solutions in automation, systems integration, E-houses, motion and robotics, and custom panel manufacturing.

Commitment Statement:

Arrow is dedicated to the ethical and responsible conduct of our businesses. We strongly discourage and do not endorse modern slavery in our business and supply chains. We are committed to aligning our practices with the Act to uphold human rights and dignity.

Report Scope:

This report details the actions Arrow has undertaken in Fiscal 2024, and extending into fiscal 2025, to reduce the risk of modern slavery throughout its operations and supply chains, both domestically and internationally.



Company Structure and Supply Chains

Organizational Structure:

Arrow operates within the Madison Industrial Group of businesses and is a subsidiary of MVC and Ael. MVC provides strategic oversight, ensuring unified corporate governance standards across its subsidiaries. This framework assists Arrow in maintaining high ethical standards and operational excellence, particularly in addressing compliance with the Act.

Supply Chain Overview:

Supporting Arrow's domestic operations, its supply chain consists of:

- Direct suppliers who provide IT hardware and software, tooling, components, parts, automation and control products, electric motors, and other items incorporated into the core offerings of the industrial automation and energy services companies. Arrow establishes long-term relationships with direct suppliers and, whenever possible, identifies potential substitute supply arrangements for smaller components.
- Indirect suppliers who provide services or goods that support Arrow's operations but are either not incorporated into its core offerings, such as waste removal, facility maintenance, information technology, and accounting services, or which offer consumables such as warehouse and office supplies.

A diverse group of direct suppliers supports Arrow, each contributing essential products and components that enhance our automation and control capabilities. These suppliers provide an extensive array of items, including servo systems, variable frequency drives, programmable controllers, large AC and DC motors, photovoltaic inverters, manual motor controllers, torque control solutions, process instrumentation, motion systems, electrical enclosures, control panel components, and industrial safety devices.

Arrow engaged with over 180 direct suppliers in fiscal 2024, all in Canada and the United States, except for one supplier in Germany. We manage modern slavery risks in our supply chain by engaging reputable suppliers based primarily in Canada and the United States.



Company Policies

Arrow is committed to ethical business practices. As part of this commitment, we have embedded human-rights considerations into our policies, governance, and decision-making, as detailed in the subsequent sections.

Policies:

In fiscal 2024, Arrow implemented efforts to address the risks of modern slavery. Arrow's policies establish Arrow's baseline expectations and reinforce Arrow's values and objectives.

In fiscal 2024, Arrow enhanced safeguards against modern slavery through an MVC policy entitled HR1.39: Forced Labour and Child Labour, which requires that workers freely choose employment and that our partners comply with the Act and require that supplier contracts mandate adherence to employment standards, labour laws, and human-rights legislation. The following is a summary of Arrow's HR1.39: Forced Labour and Child Labour policy:

Arrow is committed to ensuring that workers have the right to choose employment freely, without threats to their safety. We seek to do business with entities that do not engage in forced or child labor. Compliance with the Act requires reporting on measures to prevent and reduce the risk of forced and child labor.

Suppliers must follow employment standards, labor laws, non-discrimination, and human rights legislation. Supplier contracts include terms related to compliance, ensuring alignment with these principles. Arrow is dedicated to upholding human rights, dignity, and ethical practices, aiming to contribute to the eradication of forced and child labor for a sustainable and equitable future.

In fiscal 2024, Arrow sent tracked reminders to senior leaders and supply-chain personnel to review and acknowledge the HR1.39 policy. We also launched a Vendor Risk Assessment, asking high-priority suppliers to detail their:

- modern slavery risk controls;
- formal policy and training programmes;
- supply-chain mapping and risk analysis;
- incident reporting and mitigation procedures; and
- insurance, quality-assurance, safety, and human-rights compliance.



Assessing and Managing Risk

In fiscal 2024, Arrow began addressing modern slavery risks across our workforce, operations, and supply chains, as detailed in the subsequent sections:

Assessing and Managing the Risks of Modern Slavery:

Arrow evaluates the potential risks of modern slavery across three key areas, as described below:

- **Among the Arrow's Workforce:** Arrow believes that the risk of modern slavery among its employees is low. Although Arrow does not directly employ full-time Human Resources ("HR") and Environmental, Health, and Safety ("EHS") managers, it benefits from the support provided by these roles within the wider Madison Industrial Group. This dedicated team helps oversee and enforce labor standards and safety protocols, promoting compliance with local, provincial, and federal labor laws and conducting regular training sessions on workplace safety. Additionally, proactive third-party compliance checklists, internal audits, and thoughtful hiring practices, including background checks and

verification processes, have been implemented to mitigate the risk of modern slavery within our operations.

- **Within Arrow's Operations:** Arrow operates with a commitment to transparency and ethical practices at all production and service provision levels. Regular reviews are conducted, in part, to identify and address any potential risks related to modern slavery. Our proactive approach includes engaging with employees through open communication channels to report unethical practices without fear of retaliation.

Moreover, Arrow benefits from EHS and HR professionals who, in part, work to confirm the following within our operations:

- Facilities comply with applicable employment standards, including minimum age requirements.
 - Labour is voluntary, ensuring that workers are not coerced into employment.
 - Working hours align with local laws and standards, promoting fair labour practices.
 - Workers are compensated adequately according to legal and industry norms.
 - Facilities adhere to health and safety laws and regulations, safeguarding worker well-being.
 - Workers are not exploited.
- **Within Arrow's Supply Chains:** Recognizing the potential for risks of modern slavery, Arrow actively queries all suppliers through our Vendor Pre-qualification and Risk Assessment processes, which seek alignment with practices that combat modern slavery. While we trust our suppliers to adhere to these ethical standards, we can conduct targeted audits should significant risks be identified.

In fiscal 2024, Arrow conducted a risk assessment of the suppliers that represent approximately 80% of our annual supply chain expenditure prioritizing those suppliers that represent the highest relative proportion of our expenditure. This proactive measure, utilizing supply chain mapping for our direct vendors (who are located almost entirely within Canada or the United States) confirmed that none of these suppliers were flagged for risks when checked against the U.S. Department of Labor's [ILAB list of suspect goods and source countries](#).

Arrow recognizes that our exposure to the risk of modern slavery increases when we do not have visibility of the indirect suppliers in our supply chain. Given the complexities of assessing risks associated with indirect suppliers, over whom Arrow has limited control and visibility, we acknowledge the necessity of adopting specific supplementary measures. These measures, detailed in the next section, aim to enhance our oversight and management of such risks.

Measures Implemented:

During fiscal 2024, Arrow intensified its efforts to identify and mitigate modern slavery risks across its workforce, operations, and supply chains, building on the foundational policies established in fiscal 2023:

- **Compliance with Business Standards:** Arrow implemented Human Rights and Conflict of Interest internal policies.
- **Ethical Business Practices:** Arrow implemented internal policies on Business Ethics, anti-corruption and Bribery, and Diversity, Equity, and Inclusion.

- **Oversight and Management:** Arrow benefits from an EHS manager and an HR manager. These roles are essential in maintaining compliance with labour laws, conducting training sessions, and overseeing workplace safety, all of which contribute to minimizing the risks of modern slavery.

In 2024, Arrow advanced from foundational policy development to the active implementation of targeted measures to identify and mitigate modern slavery risks in our operations and supplier relationships.

- **Commitment and Policies:** Arrow formalized its commitment to addressing modern slavery by employing MVC's Policy (HR1.39: Forced Labour and Child Labour, included above) and Vendor Risk Assessment.
- **Proactive Communication and Supplier Assessment:** Leveraging fiscal 2023 spend data, Arrow began in fiscal 2024 to engage its priority direct suppliers—those accounting for 81% of annual expenditure—categorizing them by geography and product type. Each supplier received a cover letter and a structured self-assessment questionnaire based on our Vendor Risk Assessment framework. This outreach is designed to verify compliance and uncover modern slavery risks in their operations and supply chains.

Due Diligence and Verification of New Suppliers: Starting in fiscal 2024, all new Arrow suppliers were required to complete a pre-qualification process that confirms their alignment with our corporate values and compliance obligations. Guided by our Vendor Pre-qualification form, the review evaluates prospective partners on operational compliance, safety and environmental practices, quality assurance, employee training, and insurance and legal coverage.

Arrow's due diligence process for onboarding new suppliers may, where Arrow deems it necessary, involve on-site visits to the new supplier's premises. While the primary purpose of these visits is not exclusively to detect modern slavery, they provide an opportunity for individuals to observe and report any concerning practices. This allows Arrow to take appropriate actions, including potential follow-up visits for existing suppliers, to address any issues identified. In fiscal 2024, Arrow did not conduct any site visits as it did not onboard any new material suppliers during the period.

In fiscal 2024, and drawing on fiscal 2023 spend data, Arrow requested its key suppliers to review, complete, and sign Arrow's Vendor Risk Assessment form. This form requires suppliers to describe the policies, controls, and investigative procedures to identify and address modern slavery within their operations and supply chains. The signed acknowledgments confirm each supplier's adherence to Arrow's standards aimed at reducing the risk of modern slavery in Arrow's supply chain. Arrow retains these signed acknowledgments for future due diligence.

In fiscal 2024, Arrow received completed Vendor Risk Assessments from all of its key suppliers. The goods and services Arrow procures from these suppliers represent over 80% (by Arrow's supply chain expenditure) of the goods and services Arrow procured in fiscal 2024. None of our suppliers self-identified any risk of non-compliance with prohibitions against modern slavery.

Over the past 12 months, Arrow's President has conducted supplier site visits across North America and Japan. Notably, the manufacturer supplying our largest distributor in *North America* is located in Japan. No instances of modern slavery were observed during these visits. Arrow maintains strong relationships with its largest suppliers, including those represented by the visited sites. Each of these suppliers also responded to Arrow's Vendor Risk Assessment, mentioned herein, which was issued in early fiscal 2024.

Training: While our fiscal 2023 training did not specifically address modern slavery, in fiscal 2024, we have launched a dedicated training program on modern slavery issues in our supply chain to heighten employee awareness of modern slavery risks throughout our operations and supply chains. Arrow selected a reputable third-party workplace training provider specializing in workplace compliance education to provide this online training program on modern slavery issues to key supply chain management employees, but not all employees. The course includes knowledge checks and covers the following topics:

1. Overview of Labour Laws in Canada
2. The Act
3. Penalties and Enforcement
4. Compliance Requirements
5. Reporting Obligations
6. Summary Review: "What Have We Learned?"

Course completion is tracked, and follow-up communications are sent to employees who have not yet completed the training to ensure full participation. This initiative reinforces Arrow's commitment to responsible business practices and regulatory compliance.



Remediation Actions

In fiscal 2024, Arrow did not identify any instances of modern slavery within our operations or supply chains. Accordingly, Arrow took no action to remediate any forced or child labour, nor any measures to remediate the loss of income to the most vulnerable families resulting from any such action. Formal supplier assessments received for fiscal 2024 have confirmed these findings, and Arrow remains committed to continuous monitoring and ethical sourcing practices and, if a situation of non-compliance is identified in the future, we are committed to implementing remediation measures to correct the situation and improve the enforcement of our prevention measures within our business and supply chain.



Effectiveness Assessment

In fiscal 2024, Arrow implemented targeted measures—outlined in this report—to reduce the risk of modern slavery across its operations and supply chains. Arrow's internal assessment framework consists of three core components: compliance assessment (report submissions), operational implementation (including supply chain mapping, supplier audits, and forced labour risk assessments), and employee training (with participation tracked). While Arrow is confident in the effectiveness of this framework,

developed in alignment with the Act's requirements, Arrow remains committed to ongoing vigilance and continuous improvement should any risks emerge.



Approval and Attestation

This report was approved by Arrow's board of directors on May 28th, 2025 pursuant to paragraph 11(4) (a) of the Act and has been submitted to the Minister of Public Safety and Emergency Preparedness in Canada. This report is also available on our company website at arrowspeed.com.

On behalf of the board of directors of Arrow and not in my capacity or on behalf of any other entity, and in compliance with the Act, specifically section 11, I hereby attest that I have reviewed the information contained in this report for the listed entities. Based on my knowledge and after exercising reasonable diligence, I confirm that the information provided in this report, insofar as it relates to Arrow only, is true, accurate, and complete in all material respects for the Act for the reporting year noted above.

I have the authority to bind Arrow.

Peter Rees

President | Arrow Speed Controls Ltd.

Date: May 28, 2025