



Falkbuilt Ltd.

Bill S-211: Forced Labour and Child Labour in Supply Chain Assessment 2024 Report

Financial Fiscal Year February 1, 2024, to January 31, 2025



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Executive Summary

Forced labour can be found in every country and every sector. The International Labour Organization estimates that there are approximately 27.6 million victims of forced labour worldwide, including 17.3 million in the private sector¹. Forced labour and child labour risks occur primarily through the global supply chains of businesses. There is a risk that goods imported into and distributed in Canada were produced with forced labour or child labour. Entities and government institutions doing business in Canada have a responsibility to ensure that exploitative practices are addressed and eradicated from their supply chains.

On January 1, 2024, measures were introduced through Infrastructure Canada's Bill S-211, enacting the Fighting Against Forced Labour and Child Labour in Supply Chains Act and amending the Customs Tariff (the Act). The aim of Bill S-211 is to increase industry awareness and transparency and drive businesses to improve practices. The Act requires entities to report on the steps taken during its previous financial year to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods in Canada or elsewhere by the entity or of goods imported into Canada by the entity.

There are seven mandatory reporting areas that must be investigated and reported on which include:

- Its structure, activities, and supply chains.
- Its policies and due diligence processes in relation to forced labour and child labour.
- The parts of its business and supply chains that carry a risk of forced labour or child labour being used and the steps it has taken to assess and manage that risk.
- Any measures taken to remediate any forced labour or child labour.
- Any measures taken to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in its activities and supply chains.
- The training provided to employees on forced labour and child labour.
- How the entity assesses its effectiveness in ensuring that forced labour and child labour are not being used in its business and supply chains.

As of April 2024, Falkbuilt Ltd. started the assessment of forced labour and child labour within its supply chain. Falkbuilt reached out to some of its major suppliers by sending questionnaires intended to gather information and understand its supply chain processes, Falkbuilt continues to refine its internal processes which includes updating and improving policies and procedures, supply chain management, and employee training to incorporate Bill S-211 provisions.

¹ [International Labour Organization, 2022 Global Estimates](#)



Introduction

This report is Falkbuilt Ltd.’s (“Falkbuilt,” “Entity,” “Company”) response to Bill S-211, an Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff (the Act), sections 11(1) and 11(3).

Falkbuilt satisfies the definition of an Entity within the Act by having a place of business in Canada, doing business in Canada, having assets in Canada and meeting both the revenue and asset thresholds.

This report covers the financial fiscal year of February 1, 2024, to January 31, 2025. The office address of Falkbuilt Ltd. is Unit #2, 4100 – 106 Avenue SE, Calgary, AB T2C 5B6.

Structure, Activities & Supply Chain

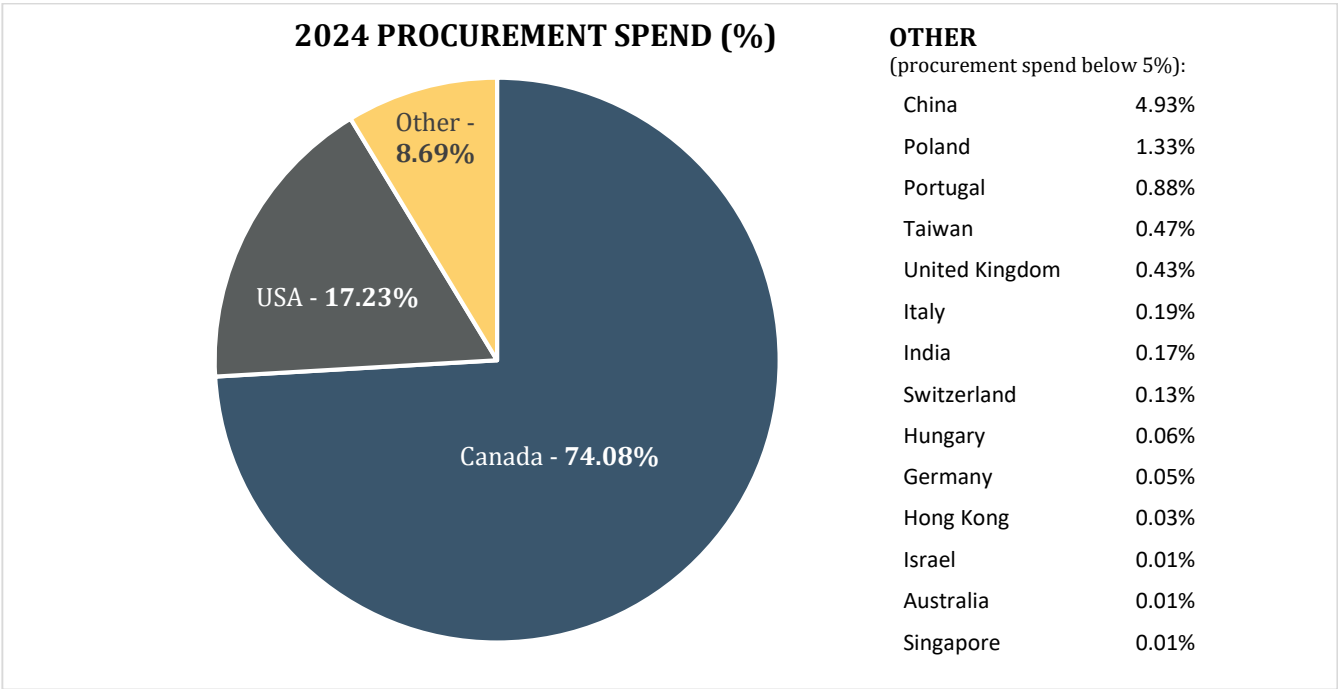
Structure and Activities

Falkbuilt operates within the Construction Technology industry, manufacturer of digital construction components, and providing digital construction services. Falkbuilt sells and distributes goods within and outside of Canada by offering sustainable and cost-effective interior solutions such as doors, windows, frames, and walls. Falkbuilt also provides services pertaining to customized and sustainable building solutions for clients.

The corporation is governed by its Board, which is composed of two Co-Founders and five Directors. The executive team is composed of the following: Co-Founder Chief Executive Officer (“CEO”), Co-Founder Technology & Business Systems, President, Chief Financial Officer (“CFO”), Operations Lead, and Product Development Lead.

Supply Chain

Falkbuilt has approximately 511 direct suppliers in 16 countries; 91.31% of the company’s procurement spend is based in Canada or the U.S., with the remaining 8.69% based in various locations around the world, amounting to under 5% procurement spend per country.





Policies & Due Diligence

Policies

Falkbuilt has various policies in place that serve as a framework or guiding principles for all directors, officers, and employees to promote integrity and deter wrongdoing in performing their roles.

Falkbuilt has updated its Employee Handbook and New Employee Orientation Program for all new and existing employees. The Employee Handbook and refinement to the Orientation Program reflect current values and the addition of details pertaining to Bill S-211 and forced labour and child labour.

The following are the existing relevant policies and processes within Falkbuilt:

- **Employee Handbook** – This handbook highlights Falkbuilt’s commitment to upholding the requirements of Bill S-211.
- **Environmental, Social and Governance Summary** – The summary outlines certain standard behaviours and outlooks that are specific to environmental, social, and governing factors that Falkbuilt executives and employees are expected to adhere to. The summary is publicly available on the Falkbuilt website.
- **“We are all Falkers” Falkbuilt Diversity Statement** – The document includes a statement pertaining to the company’s beliefs in a diverse workforce. The statement further promotes the importance of inclusion and a workplace that is respectful of personal differences.
- **Harassment Prevention Policy** – This document highlights Falkbuilt’s commitment to a harassment-free workplace for every employee.
- **Violence Prevention Policy** – This document highlights Falkbuilt’s zero-tolerance policy toward violence in the workplace.
- **Overtime Policy** – This policy highlights Falkbuilt’s commitment to compensating staff for hours worked beyond the agreed-upon schedule.
- **New Hire Orientation** – the People & Culture team conducts a brief presentation to new hires that includes reference to the company’s approach to the requirements of Bill S-211, as well as covering health and safety requirements, cultivating a respectful workplace and an environment with zero tolerance for harassment or violence.

Supplier Due Diligence

Falkbuilt suppliers, contractors, and other entities engaged by the company are primarily trusted vendors, where an established relationship exists. Falkbuilt has drafted a Supplier Code of Conduct that covers the required minimum standards in Bill S-211 for all suppliers, vendors, contractors, and other business partners to comply with Canadian laws prohibiting forced labour and child labour.

The Product Development team initiates the process of determining and requesting items to be sourced for their operations. The team discusses different factors such as specification requirements and pricing for the required items with the Procurement team, and a search for the vendor is performed. The decision on which vendor to engage depends on both technical and commercial requirements. These requirements are thoroughly discussed by the Product Development and Procurement teams before finalizing the vendor engagement. While the process is not formally documented at this time, Falkbuilt is looking at supplier engagement in a manner that incorporates details specific to forced labour and child labour.



Risk Assessment

A risk assessment over Falkbuilt's industry of operation, goods procured, and countries where goods are procured from was performed over the direct suppliers of materials at the beginning of 2024 and refreshed at the beginning of 2025.

This 2025 risk assessment used two separate indices to conclude on the inherent risk of child and/or forced labour related to goods and countries – Walk Free's 2023 Global Slavery Index and the U.S. Department of Labor's 2024 List of Goods Produced by Child Labor or Forced Labor. Outcomes of the risk assessment indicate the company is at low risk of forced labour and/or child labour.

Industry of Operations

Falkbuilt operates within the Construction & Manufacturing industry which is associated with a high risk of child labour and/or forced labour, according to the two indices.

Countries Goods are Procured From

For countries of origin, **70.65%** and **24.46%** of the company's 511 vendors are based in Canada and the U.S., respectively. An additional **3.72%** of the company's vendors operate in countries with modern slavery prevalence rates of below 5 per 1,000 population on Walk Free's 2023 Global Slavery Index. This means **98.83%** of Falkbuilt's vendors are in countries with a **low prevalence rating** on the Global Slavery Index. The remaining **1.17%** of vendors operate in countries with a **low-medium prevalence rating**, as follows: India (0.19% of vendors) with an 8/1,000 prevalence rating, Hungary (0.19% of vendors) with a prevalence rating of 6.6/1,000, and Poland (0.78% of vendors) with a prevalence rating of 5.5/1,000 on the Global Slavery Index.

Walk Free's 2023 Global Slavery Index balances prevalence of modern slavery against government response to generate a country's overall **vulnerability rating**. In terms of vulnerability for modern slavery, Falkbuilt's vendor makeup is as follows: China (0.98% of vendors) has a **low-medium vulnerability rating** of 46% and India (0.19% of vendors) has a **medium vulnerability rating** of 56%. Approximately **98.83%** of Falkbuilt's vendors operate in countries with **low** ratings for modern slavery vulnerability, and **1.17%** of Falkbuilt's vendors operate in countries with **low-medium** or **medium** vulnerability ratings.

Goods Procured

Per the 2024 List of Goods Produced by Child Labour or Forced Labour published by the U.S. Department of Labor's Bureau of International Labor Affairs, several materials used in construction operations that Falkbuilt procures are at risk of forced labour and/or child labour and are sourced in countries where Falkbuilt procures goods – electronics, textiles, copper ore, and stone. China produces electronics and textiles, and China receives product inputs of copper ore; India produces stones. Note that only **1.17%** of Falkbuilt's direct vendors (6/511) are based in China or India.

Remediation of Forced Labour & Child Labour

To mitigate the risk of child labour and forced labour within supply chains, Falkbuilt has incorporated the following mechanism for supplier due diligence:

Supplier Questionnaires

For the company's 2023 Bill S-211 Report, Falkbuilt distributed questionnaires to suppliers, concentrating on conducting due diligence concerning this Act. From the responses received, no instances of child labour and/or forced labour were identified.



Supplier Code of Conduct

Falkbuilt has drafted a Supplier Code of Conduct outlining the minimum standards required for all suppliers, vendors, contractors, and other business partners of Falkbuilt Ltd. to comply with Canadian laws prohibiting forced labour and/or child labour, as mandated by Bill S-211

Remediation of Vulnerable Family Income Loss

Falkbuilt continues to evaluate its supply chain related to the risk of child labour and/or forced labour. To date, Falkbuilt has not identified instances of the use of child labour and/or forced labour within its operations or those of its suppliers. Falkbuilt has committed to performing a review of procurement practices to enhance the rigor of its due diligence processes, including raising awareness with its suppliers with its Supplier Code of Conduct, which has been drafted.

Awareness Training

Training for forced labour and child labour was provided to the CFO and team in April 2024. Further training relating to Bill S-211 is planned for the CFO, Supply Chain, and People & Culture teams in 2025. This training includes an overview of Bill S-211 including relevant definitions, reporting requirements, examples forced and child labour along with key actions businesses can take. Falkbuilt commits to raising awareness and educating its employees on forced and child labour, and how the related risks are identified and mitigated within the supply chain. Awareness of Bill S-211 is being raised through the Employee Handbook and New Employee Orientation.

Self-assessment Process & Requirements

Given the low-risk outcome of the risk assessment analysis performed, Falkbuilt has not developed a self-assessment and internal accountability process in relation to forced labour and child labour. The risk assessment analysis performed on Falkbuilt and its operations indicated risks associated with forced labour and/or child labour are low, since **98.83%** of Falkbuilt's vendors operate in countries with **low** ratings for modern slavery vulnerability. Falkbuilt has committed to continuously assess and monitor the areas in its supply chain that are at risk of forced or child labour.

To monitor and track the effectiveness of procedures to mitigate the risk of child labour and forced labour, Falkbuilt continues to advance the following mechanisms:

Internal Activities

1. **Policy review:** Falkbuilt continues to refine and ensure relevance and accuracy based on the current operating conditions in accordance with Bill S-211.
2. **Employee Training/Orientation:** Training has been adjusted to educate staff on issues pertaining to forced labour and child labour. Resources are available to all employees to ensure that they familiarize themselves with current events, policies, and procedures regarding forced labour and child labour.
3. **Supplier Code of Conduct Acknowledgement:** Falkbuilt has drafted a Supplier Code of Conduct that includes details specific to forced labour and child labour.

Supplier Activities

1. **Supplier Questionnaires:** For the company's 2023 Bill S-211 Report, Falkbuilt issued a Supplier Questionnaire requesting details from direct suppliers relating to their risks and processes related to forced labour and child labour, and if they have policies and procedures to mitigate the risks. Responses received were in accordance with the requirements of Bill-S211. Once the company finalizes its Supplier Code of Conduct, the company's vendors will be expected to adhere to Falkbuilt's Supplier Code of Conduct.

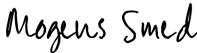


Conclusion

Falkbuilt plans to continue refining its internal processes by updating policies and procedures, supply chain management processes, and forced labour and child labour awareness training to employees to meet requirements of the Bill S-211, as they may evolve. The Company commits to an ongoing assessment of forced labour and child labour in its operations to continue to comply with the reporting requirements of the Act.

Approval and 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 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.

Mogens Smed	<div>DocuSigned by:  DCBA4FBFDEF5468...</div>
Full Name	Signature
CEO	5/29/2025
Title	Date

I have the authority to bind Falkbuilt Ltd. and this report covers the fiscal year 2023.