



3rd Floor – 412 Marion Street
Winnipeg, MB R2H 0V5

Forced Labour and Child Labour Report

Reporting Year December 31, 2025

Cando Rail & Terminals

Cando Holdings Ltd., Cando Midco C Ltd., Cando Midco B Ltd., Cando Midco A Ltd., Cando Rail & Terminals GP Ltd., Cando Midship A GP Ltd., Cando Midship B GP Ltd., Cando Midship C GP Ltd., Cando Rail & Terminals 2 GP Ltd., Cando Rail & Terminals 2 LP, Cando Midship C LP, Cando Midship B LP, Cando Midship A LP (collectively, the **"Holding Entities"**), and Cando Rail & Terminals Ltd., and Cando Rail & Terminals LP (collectively with the Holding Entities, **"Cando Rail & Terminals"**) have jointly prepared this Forced Labour and Child Labour Report pursuant to the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (Canada), also known as the *Modern Slavery Act* (the **"Act"**).

Within this report, Cando Rail & Terminals are also referred to collectively as the **"Reporting Entities"**, **"Cando"**, **"we"**, **"us"** or **"our"** except where the context otherwise requires. Information in this report is accurate as at December 31, 2025.

As an organization committed to ethical practices and social responsibility, we recognize the critical importance of addressing modern slavery within our operations and supply chains. This Report covers our initiatives and progress in addressing the risks related to child labour and forced labour (**"Modern Slavery"**) in our operations and supply chain for the financial year ending December 31, 2025. We are committed to not causing or contributing to any instances of Modern Slavery. We recognize that Modern Slavery is a violation of human rights, undermines the dignity and well-being of individuals, and is contrary to Cando's principles. Through transparent disclosure and ongoing diligence, we strive to uphold the international standards of human rights and ensure that our business practices align with our principles of conducting our business responsibly, operating with integrity, and seeking continuous improvement.

Reporting Entities

This Joint Report has been prepared pursuant to the Act on behalf of the following entities:

- Cando Holdings Ltd., an Alberta corporation
- Cando Midco C Ltd., an Alberta corporation
- Cando Midco B Ltd., an Alberta corporation
- Cando Midco A Ltd., an Alberta corporation
- Cando Rail & Terminals Ltd., a Manitoba corporation
- Cando Rail & Terminals GP Ltd., an Alberta corporation
- Cando Midship A GP Ltd., an Alberta corporation
- Cando Midship B GP Ltd., an Alberta corporation
- Cando Midship C GP Ltd., an Alberta corporation
- Cando Rail & Terminals 2 GP Ltd., an Alberta corporation
- Cando Rail & Terminals 2 LP, an Alberta limited partnership
- Cando Midship C LP, an Alberta limited partnership
- Cando Midship B LP, an Alberta limited partnership
- Cando Midship A LP, an Alberta limited partnership
- Cando Rail & Terminals LP, an Alberta limited partnership



Platinum member

Cando recognizes the importance of preventing causing or contributing to adverse human rights impacts across all facets of our business. While we have subsidiaries that do not fall under the Act's reporting criteria,

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the principles that demonstrate our commitment throughout this report are applied throughout all aspects of the way we conduct business in all of our subsidiaries and entities across all jurisdictions. Our subsidiaries include Cando Rail & Terminals (U.S.) ULC, Cando Holdings (U.S.) Inc., Central Manitoba Railway Inc., Cando Rail & Terminals (BC) Ltd., Cando Rail & Terminals (Ont) Ltd., Cando Rail Work Trains (Ont) GP Ltd., Cando Tail & Terminals (QC) GP Ltd., Cando Channelview Terminal LLC, Cando Rail Work Trains (Ont) LP, Cando Rail & Terminals (QC) LP, and Cando Rail & Terminals Inc. (collectively, the “Non-Reporting Subsidiaries”).

Respect for Human Rights

Cando Rail & Terminals and the Non-Reporting Subsidiaries fully support the objectives of the Act and oppose the use of all forms of forced labour and child labour in our operations and our supply chain. Respect for human rights is fundamental to our values, the long-term stability and growth of our business and to the wellbeing of the communities in which we operate.

As set out in the United Nations Guiding Principles on Business and Human Rights (“**UNGPs**”), business enterprises have a responsibility to respect internationally recognized human rights. The responsibility to respect human rights requires that business enterprises:

- (a) avoid causing or contributing to adverse human rights impacts through their own activities, and address such impacts when they occur; and
- (b) seek to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts.

In applying the lens of the UNGPs, we have assessed the potential for our operations to cause, contribute to, or be directly linked to adverse human rights impacts, including forced labour and child labour. For the reasons described in this statement, we remain of the view that there is low risk that our operations have caused or contributed to adverse human rights impacts. We have continued a review of our policies and procedures to assess whether the operations of our suppliers who provide goods used in our production and distribution processes cause or contribute to adverse human rights impacts.

Cando Rail & Terminals has a risk-based due diligence approach on forced labour and child labour. The Act came into force on January 1, 2024. Cando has completed an initial risk assessment to evaluate the potential for forced labour and child labour within our supply chain. This assessment incorporated a jurisdictional risk multiplier and determined the risk of forced labour and child labour within our supply chain to be very low. Building on that foundation, we have continued to conduct random audits of select suppliers to check for indicators of forced labour or modern slavery. These audits are part of our ongoing risk-based approach, and we remain committed to continuously strengthening our policies and practices in alignment with evolving regulatory and ethical standards.

In the past year, Cando has undertaken additional steps to strengthen its due diligence processes for suppliers to identify and mitigate the potential for forced labour or child labour in its supply chain. This has included targeted one-on-one awareness and expectations discussions with individuals in leadership or procurement-related roles who are responsible for supplier purchasing and contractor engagement decisions, the development of training programs for employees in managerial roles to increase awareness of the relevant risks and the incorporation of supplier expectations and compliance requirements into applicable supplier bid invitations and contracts.

Our Structure

The Holding Entities are not involved in the production, selling or distribution of goods or services, however, they do control (indirectly and directly) Cando Rail & Terminals Ltd. or Cando Rail & Terminals LP, each of which import goods and provides services as a part of its business.

Cando Rail & Terminals Ltd., Cando Rail & Terminals LP and the Non-Reporting Subsidiaries design, build and operate complete, custom rail solutions across Canada and the US. The Reporting Entities consist of those

entities in the Cando group of companies that are subject to the Act's reporting requirements. Each of the Reporting Entities is incorporated or formed under the laws of a Province of Canada. Cando operates a central business office in Winnipeg, MB, and Cando together with its Non-Reporting Subsidiaries employing 1,091 people in Canada other than its directors and officers as of December 31, 2025. Cando, through its US subsidiary, has 82 employees based in the United States as of December 31, 2025.

Our Activities

Our specialized rail operating services allow industrial shippers to optimize their supply chains and connect to Class 1 railways by leveraging our operating capabilities and network of owned multi-purpose rail terminals. We provide custom rail services, at our customers' sites or terminals owned by Cando or the Non-Reporting Subsidiaries. Services include rail switching, unit train assembly, transloading and infrastructure activities.

Cando Terminals: We and the Non-Reporting Subsidiaries own and operate multi-purpose rail terminals in Kamloops, BC, Sturgeon County, AB, Enterprise, NT, Lethbridge, AB, Winnipeg, MB, and Sarnia, ON, as well as dedicated customer terminals in Bretona, AB, Regina, SK, Hamilton, ON, Strathcona, AB and Dartmouth, NS in addition to various United States terminal locations. Within these facilities Cando and the Non-Reporting Subsidiaries provide services including railcar storage, industrial switching, assembling unit trains for partner railways, transloading and railcar mechanical service.

Infrastructure Development: Cando and the Non-Reporting Subsidiaries provide construction and infrastructure development services to Industries throughout Canada through track inspection services, track maintenance, rail related material distribution, and track and infrastructure expansions/ builds. This division is based out of Brandon, MB.

In Yard Operations: Cando Rail & Terminals and certain Non-Reporting Subsidiaries work directly with various industries throughout Canada to provide rail switching services within their facilities, working with class one railways to deliver first mile / last mile freight directly to the Canadian Rail Supply Chain. These services are provided for in British Columbia, Northwest Territories, Alberta, Saskatchewan, Manitoba, Ontario and various United States locations for customers such as Imperial Oil Ltd., The Mosaic Company, Nutrien, ME Global, Pembina Pipelines, Toyota, CO-OP Refinery, Magna International and Suncor Energy.

Transload Services: In many rail switching service locations, Cando and the Non-Reporting Subsidiaries additionally provide transload services wherein product is transloaded between rail and road transit vehicles. Products transloaded include various hydrocarbons, lumber, agricultural products, steel products and paper products. Transloading services are provided for various customers including Imperial Oil in Edmonton, AB, Winnipeg, MB and Dartmouth, NS, Pembina Pipelines in Fort Saskatchewan, AB, Parkland Fuels in Hamilton and Milton, ON and ME Global in Fort Saskatchewan, AB and Blackfalds, AB.

Mechanical Services: There is a centralized mechanical railcar and locomotive repair facility within our CEMR terminal in Winnipeg, MB. Light railcar mechanical repairs also occur in Bredenbury, SK and Sturgeon Terminal, Fort Saskatchewan, AB. Satellite Locomotive repair functions occur across the Cando network.

Support Services: From our central business office in Winnipeg, MB along with satellite offices in Edmonton, AB, Saskatoon, SK, and Brandon, MB executive and support staff carry out a number of functions in support of our business operations, including Human Resources, Procurement, Land Management, Marketing, IT, Finance, Safety, Environmental, Business Development and Sales.

Cando Rail & Terminals LP and the Non-Reporting Subsidiaries have a long established process wherein employees' salaries are reviewed, at minimum, annually against the Consumer Price Index (CPI) in Canada to determine the cost of living increases. Permanent and full time employees of Cando and the Non-Reporting Subsidiaries are eligible for employer paid benefits, an employer matched company ownership program, and an employee recognition program which includes holiday and retirement gifts. Cando and the Non-Reporting Subsidiaries also provide an Employee Assistance Program for employees and their families to access support and resources regarding mental, social, physical and financial assistance.

Cando Rail & Terminals and the Non-Reporting Subsidiaries have established organizational guidelines which meet and/or exceed the requirements of the provincial jurisdiction in which we operate in regards to hours of operation, employee job descriptions, salary ranges, minimum age requirements, management of overtime, safety activities and policies surrounding employee protections. Cando Rail & Terminals and the Non-Reporting Subsidiaries also fulfill the requirements of collective agreements in select operations.

Our Supply Chains

We acknowledge the risk of forced labour and child labour existing in any complex supply chain.

To maintain the network of equipment used in support of providing rail and rail related service, Cando and the Non-Reporting Subsidiaries rely on different suppliers for predominantly materials, parts and equipment. The majority of our suppliers are from within Canada and the United States. During 2025, Cando and the Non-Reporting Subsidiaries had 1335 active vendors of which 96% were from inside Canada and 4% from the United States. There were no recorded transactions with vendors located outside of Canada and the United States during the reporting period.

Cando has also reviewed selected companies from within the United States and confirmed that no companies accounted for more than 25% of the goods imported. Further, we are satisfied that our vendor base is exceptionally low risk for child labour and forced labour. The review did not cover Tier II suppliers.

Cando Rail & Terminals and the Non-Reporting Subsidiaries also procure various services and goods in support of our operations. Our specific supply chain profile remains largely the same year-on-year and we believe that within those various services and goods procured the risk of child and forced labour is low. The type of miscellaneous goods and services procured by Cando and the Non-Reporting Subsidiaries consists of:

- Office Equipment, Office Supplies, consumables, marketing materials
- Technology and IT goods and services
- Transport and accommodations
- Facility management such as cleaning services, sanitization
- Parts & Equipment, including for rail-specific applications (e.g. locomotives, forklifts, cranes, vehicles, etc.)

Cando Rail & Terminals and the Non-Reporting Subsidiaries have not manufactured any goods in the delivery and/or development of its offered services. For all goods purchased directly, Cando currently does not have any policies or practices in place to determine whether forced labour or child labour is used at any step of the production of those goods in Canada or elsewhere or of goods imported into Canada. For its suppliers located in countries outside of Canada, Cando and the Non-Reporting Subsidiaries do not require those suppliers to provide information on their operations and supply chain. We acknowledge the risk of forced labour and child labour that may exist when importing goods and are committed to continuous improvement. Using our risk based approach, below is a general description of any key forced labour risks that may exist in each of the categories by virtue of the industry risk profiles and provision of goods and services.

Type of goods/ service	Description	Generally known forced labour and child labour risks
Office Equipment, Office Supplies, consumables, marketing materials	Food products and catering services, cleaning products, office furniture, printing, stationery, merchandise suppliers	<i>Food Services</i> - Food related supply chains have a high risk of forced labour and child labour due to the reliance on ingredients sourced globally, often from countries with a higher prevalence of, and vulnerability to forced labour and child labour. For example, coffee, tea, cocoa, rice, palm and derivative products and seafood are some of the many products linked to forced labour and child labour. <i>Corporate Merchandise</i> - Mass-produced items and garments, particularly if produced in countries with a greater prevalence of, and vulnerability to and have a higher risk of child labour and forced labour. <i>Furniture</i> - There are increased forced labour and child labour risks associated with producing and sourcing raw materials such as timber, bricks, fabrics, metals and glass as well as risks in the manufacturing industry located in countries with a greater prevalence of, and vulnerability to, forced labour and child labour.
Technology and IT goods and services	Electronics, tablets, laptops, desktops, mobile phones	Forced labour and the worst forms of child labour are present in the supply chains that provide IT companies with the necessary raw materials to produce electronic goods, and parts of those goods. The manufacture of electronics has been associated with labour exploitation, including child labour and forced labour.

Transport and accommodations	Airlines, hotels and lodging	The hospitality and food services industry, irrespective of jurisdiction, has elevated risks driven by parallel factors described below in relation to the cleaning sector.
Facility management such as cleaning services, sanitization	Cleaning and janitorial services	The cleaning industry is considered a higher risk industry for forced labour and debt bondage due to factors such as employers withholding wages, excessive working hours, complex and opaque subcontracting arrangements, and workers on temporary visas with limited bargaining power and awareness of their rights at work. Similar to the cleaning sector, the prevalence of subcontracting in the facilities maintenance industry can lead to contractual liabilities and obligations diminishing to the point where the human rights of workers on site may go unnoticed due to a lack of transparency.
Parts & Equipment including rail specific, forklifts, cranes, vehicles, etc	Specific on-track equipment such as tampers, speed swings etc; forklifts, skid steers, mechanical equipment, trailers and transport vehicles	The manufacturing of heavy equipment, if produced with components sourced from countries with a greater prevalence of, and vulnerability to, forced labour and child labour increases the risks associated with forced labour and child labour being used in the supply chains for these products.

In connection with the preparation of this report, Cando Rail & Terminals has reviewed its activities and supply chains to understand the activities and suppliers which may carry the risk of forced labour or child labour being used. This involved a random review of goods purchased outside of Canada as well as a review of the companies from the United States involved in more than 25% of US-sourced goods.

Policies and Due Diligence Processes

Cando Rail & Terminals and the Non-Reporting Subsidiaries employ a range of due diligence efforts, internal policies and procedures to promote and ensure compliance with applicable laws (including in respect of employment and human rights) in Canada where we have operations. The Cando Rail & Terminals Code of Conduct does not specifically reference child labour and forced labour, however language in the Fair Dealings, Law Compliance and Respectful Workplace sections of the policy provide expectations on ethical conduct and business practices of Cando's and the Non-Reporting Subsidiaries' directors, officers, employees, suppliers and stakeholders.

Cando Rail & Terminals and the Non-Reporting Subsidiaries continue to develop audit processes for suppliers and contractors and are committed to continuously improving those practices. This analysis considered the relevant geographic, industry, and product or service risks across the Reporting Entities' entire operations and supply chain. Based on the results of this analysis, we consider the risk of modern slavery in our operations and supply chain to be low. The Reporting Entities operate entirely in Canada where the risks of modern slavery are generally low, and where we employ and recruit a highly skilled workforce in compliance with Canada's robust worker protection laws. While we may purchase goods and services from countries and industries that have potential risks of modern slavery, in 2025 all of our suppliers were based in Canada or the United States. We continue to randomly audit our suppliers and entities within our supply chain to manage risk and Cando has also implemented terms in its supplier bid invitations and contracts to signal Cando's expectations and compliance requirements associated with the Act to further mitigate the risks of forced labour and child labour in its supply chain.

Forced Labour and Child Labour

Prior to commencing employment, successful candidates are required to provide their date of birth. Cando Rail & Terminals and the Non-Reporting Subsidiaries also require copies of government-issued identification for many employment roles due to customer background check requirements, company equipment or vehicular use requirements. Cando and the Non-Reporting Subsidiaries do not conduct a right to work check by requiring copies of a birth certificate, passport or visa, however a valid Canadian Social Insurance Number is required for employment with Cando or the Non-Reporting Subsidiaries.

Overtime hours worked are voluntarily and mutually agreed to by the employee and their manager, except in declared emergencies. Any work outside of usual hours, such as in the evening, overnight or weekend, or

where an employee is called into work outside of their normal scheduled work hours, is paid in accordance with the applicable report-to-duty rates. All employees are paid their wages via an electronic transaction and receive a pay slip. Cando Rail & Terminals and the Non-Reporting Subsidiaries recognize the value in separating work from personal life and thus Cando Rail & Terminals and the Non-Reporting Subsidiaries employ a 'Disconnect from Work' policy where applicable.

Cando Rail & Terminals and the Non-Reporting Subsidiaries offer mechanisms to identify and address concerns and incidents related to non-compliance with our policies and standards. Cando Rail & Terminals LP and Non-Reporting Subsidiaries' employees may report concerns through direct managers, Human Resources and the Safety Department or through confidential@candorail.com. Unionized operations in Canada also have their own distinct grievance processes outlined in the applicable collective bargaining agreements or other agreements governing relationships with the applicable union.

Various internal Safety & Human Resources policies and procedures outline our process for conducting internal investigations around any alleged policy violation. In the event of a report, Cando Rail & Terminals and the Non-Reporting Subsidiaries are committed to investigating all substantive complaints, collaborating with stakeholders to address concerns in a timely, fair, and thorough manner, and mitigating future violations in compliance with all applicable laws.

Cando Rail & Terminals has assessed the operational risk for its and the Non-Reporting Subsidiaries' employees of child labour and forced labour as low.

Managing Risk

We are in the early stages of assessing and identifying parts of our business and supply chain which carry a risk of forced labour or child labour being used and there remain gaps in the assessments we are completing. In our assessments thus far, we believe our own activities carry a low risk of child labour and forced labour. We will continue to assess our supply chain and improve our diligence and assessments.

Cando Rail & Terminals has completed an initial risk assessment to evaluate the potential presence of forced labour and child labour within its and the Non-Reporting Subsidiaries' supply chain. While this assessment did not identify any areas of elevated risk within Cando Rail & Terminals or the Non-Reporting Subsidiaries' current operations, it is acknowledged that certain sectors such as contracted cleaning and janitorial services may present a higher risk industry wide. From this initial risk assessment, no risks specific to any entities within the supply chain were identified from current operations or supplier relationships to date; however, using a risk based approach we will continue to monitor these sectors as part of our ongoing due diligence process. Cando is also in the process of expanding to a more robust set of procurement and supplier engagement guidelines.

Cando Rail & Terminals has established processes related to risk management, procurement and human resources. Cando regularly reviews those policies and practices and, utilizing a risk-based approach, making changes and improvements where appropriate. Utilizing these established processes we will continue to assess for gaps in our supply chain and strive toward continuous improvement.

Forced Labour and Child Labour Remediation Measures

Cando Rail & Terminals is not aware of any forced labour or child labour practices occurring within its supply chain or in its activities or the activities of the Non-Reporting Subsidiaries. Accordingly, Cando has not undertaken any measures to remediate any forced labour or child labour to date.

Loss of Income – Remediation Measures

Cando Rail & Terminals is not aware of any forced labour or child labour practices occurring within its or the Non-Reporting Subsidiaries' supply chains. Accordingly, Cando and the Non-Reporting Subsidiaries have not undertaken any measures to remediate any loss of income relating to any forced labour or child labour to date.

Training to Employees on Forced Labour and Child Labour

Cando Rail & Terminals and the Non-Reporting Subsidiaries provide training through onboarding and ongoing

initiatives to support existing policies and procedures. Although current policies do not specifically address child labour and forced labour.

Assessing Effectiveness

Due to the assessment of low risk and absence of findings of forced labour or child labour in their supply chains, Cando Rail & Terminals and the Non-Reporting Subsidiaries do not presently have any policies or practices in place to measure and track Cando's success in preventing and reducing risks of forced labour and child labour in its business and supply chains. However, Cando continues to participate in externally-conducted ESG benchmarking and assessment processes which evaluate organizational policies, programs, governance practices and actions relating to ESG risks, which extend to risks associated with forced labour and child labour in supply chains.

Approval & Attestation

This Report has been approved and attested as required under subsection 11(4)(b)(i) and subsection 11(5) of the Act.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I, in my capacity as President of Cando Holdings Ltd., have reviewed the information contained in the report for Cando Rail & Terminals. 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.

Brian Cornick

Signature

I have authority to bind Cando Holdings Ltd. for and on behalf of itself and on behalf of all of the other Reporting Entities controlled directly and indirectly by Cando Holdings Ltd.

Name: Brian Cornick

Title: Director

Dated: May 29, 2026