ARROW GROUP OF COMPANIES

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Report on Forced Labour and Child Labour Risks

For the Fiscal Year ended March 31, 2026

Introduction

This is a report prepared pursuant to the Fighting Against Forced Labour and Child Labour in Supply Chains Act (the "Act") that pertains to Arrow Transportation Systems Inc. ("Arrow"). All policies, procedures and governance practices apply to Arrow and all members of the Arrow Group.

The above-mentioned entity hereby reports to the Minister of Public Safety and Emergency Preparedness on the various measures taken during its previous financial year ended March 31, 2026, to prevent and reduce the risks that forced labour or child labour is used in their supply chains.

This report is not a revised version of a report previously submitted for the Arrow Group's financial year ended March 31, 2026. No entity in the Arrow Group is subject to reporting requirements under similar modern slavery acts in other jurisdictions.

For over 100 years we have played a significant role in our clients' supply chain processes. The use of modern slavery practices in the labor force is contrary to our long-standing Mission, Core Values and Principles. We understand that modern slavery can take many forms, and we do not tolerate any form of forced labor or any other circumstances which lends itself to modern slavery within our operations or in those of our suppliers, subcontractors, and business partners. We hold ourselves to the highest standards and through our hiring practices, training, policies and procedures, we expect that the Arrow Group's employees, lease operators, lease operator drivers and executive managers across all operating business units to act with integrity and always comply with the letter and spirit of the laws, regulations and rules that apply to the Arrow Group in the jurisdictions in which we operate. If irregularities occur and our expectations are not met, we will respond to remediate and report those matters in an appropriate and timely manner.

Structure, Operations and Supply Chain

Arrow Transportation Systems Inc. is the parent company in the Arrow Group of companies.

The Arrow Group is a privately held Canadian corporation with a purpose-driven, principles-led approach to delivering the highest level of service to our clients and the communities we have worked closely with for over 100 years. Our company has grown substantially over the past decade, moving from a pure-play transportation and reload company to an organization with nine (9) business units and 1426 employees. While our primary business is still in the trucking/reload business, we have expanded significantly, and our operations are comprised of the following business segments:

- **Arrow Transportation Systems Inc**: Parent company and provider of trucking services throughout Western Canada for major sawmills and mining companies.

- **Arrow Marine Services Inc:** Our operations specialize in commercial marine services. This company is engaged in vessel transfers for repair, refit, painting and maintenance.

- **Arrow Forestry:** A division engaged with business partners producing and moving wood-based products. The division is comprised of portable wood grinding divisions, whole log chipping facilities and log towing services.

- **Arrow Reload Systems Inc:** This company provides truck-to-rail and rail-to-truck services throughout North America and partners with major railways and short-line operators to deliver cost-effective and versatile transportation, distribution and materials handling solutions.

- **Arrow Logistics:** A division engaged in North American logistical solutions by leveraging our asset base and partnering with other major transportation and logistics companies to provide cost-effective transportation solutions.

- **Streamline Transportation Technologies Inc:** This company provides fleet management solutions by combining telematics with advanced wireless technologies to make vehicles safer, cleaner and more productive.

- **NutriGrow:** A division that is one of Western Canada's largest manufacturer and bulk distributor or amended soils, composts and mulches. This division is a vertically integrated one-stop solution for reclamation soils and beneficial re-use programs in Canada.

- **Arrow Project Services Ltd:** A company engaged in the business of delivering customized and turnkey residuals management solutions to residuals producers and users across British Columbia.

Across the incorporated companies and divisions, our success comes from the 1426 employees who leverage their skills and incredible talent to bring our Mission, Core Values, Principles and business strategy to life so we can continue our tradition of serving our clients and building the communities we have worked and partnered with. We are a private Canadian controlled corporation, with corporate head office located in Vancouver, BC. We operate across Canada and various states in the United States of America.

Policies and Due Diligence Processes

We believe in a foundation that is built on good governance and an inclusive culture that builds trust and value for all stakeholders. The Arrow Group is committed to creating the right tone at the top with risk management and governance being a key focus. During the financial year ending March 31, 2026, the Arrow Group has taken steps to strengthen company policies and build a more mature and robust risk management and corporate governance framework. Risk assessments across various business functions were completed and we believe these actions are steps in the right direction to transform our business and facilitate early detection of the risk of Forced Labour and Child Labour in our business and supply chains.

When we engage in business activities, in circumstances where we are satisfied that a business partner's policies and procedures meet our standards and practices, we may consider a business partner's commitment to comply with their own policies and procedures sufficient.

Arrow Yellow Book

At Arrow, we recognize that respecting human rights is a shared responsibility of all organizations regardless of where they operate globally. This perspective aligns with our Mission, Core Values and Principles outlined in our Yellow Book. These have long been reflected in our policies and practices across our business. Our Core Values, Principles, and guidelines in the Arrow Yellow Book, set expectations for our behavior and decision-making across all business units. It is the roadmap we follow to protect our employees and serve our clients with the highest standards of integrity and lays the foundation for how we work together in a respectful, transparent, and safe environment. We encourage employees to report matters of non-compliance to supervisors so we can take necessary remediation steps where necessary.

Employment Age and Young-Worker Safety Policy

Arrow's policy on minimum employment age and safety is very clear. All employees are hired in accordance with the applicable laws and regulations established in the jurisdictions in which we operate. Employees under the age of 25 are considered a young worker and this policy was developed specifically for those employees. There are additional requirements for employees classified as a young worker (refer to our training section below).

Work Safe BC

Our operating practices across our business are designed to comply with applicable laws and standards established by Work Safe BC.

Environmental & Social Practices

The Arrow Group has developed a sustainability roadmap, and we have integrated this roadmap and our day-to-day operations with the United Nations' Sustainable Development Goals. We produce an annual sustainability report containing our goals and progress made towards meeting those goals.

Risk of Modern Slavery in our Operations and Supply Chain

The Arrow Group has completed risk assessments on specific business practices during the fiscal year ending March 31, 2026. Assessments of this nature are ongoing and undertaken by the Arrow Group's Enterprise Risk Management Department.

We once again acknowledge the fact that there are inherent risks of forced labour and child labour within some of the industries in which we operate and have served clients for decades. In particular, the risks within the extractive and some service industries may be considered high on a global basis. These may include:

- Mining and metals
- Oil and Gas
- Forestry, Agriculture
- Transportation

However, the Arrow Group considers the risks of forced labour or child labour to be low in its own operations and supply chains in Canada and in the United States. The Arrow Group manages these risks through a system of continuous risk assessments, a variety of policies, processes, and practices, which are outlined in this report. All employees are hired in accordance with, at a minimum, the applicable laws and regulations, and the Arrow Group conducts checks to ensure that individuals have the right to work and are choosing to work on their own volition. Further, all employees have the freedom to join a trade union or other similar associations.

Remediation Measures

During the fiscal year ended March 31, 2026, The Arrow Group has not identified risks related to forced labour or child labour in its supply chains. Further, the Arrow Group has not identified forced labour or child labour in any of its own direct operations. However, due to the nature of the industries in which we operate and the inherent risks existing, the Arrow Group has decided to be proactive in its approach to prevent and reduce risks of forced labour and child labour.

Steps to Prevent and Reduce Risks of Forced Labour and Child Labour

Over the course of the financial year ending March 31, 2026, Arrow has taken the following steps to prevent and reduce the risk of forced labour or child labour occurring in its activities and supply chains:

- Commenced a review of our Information Technology processes to determine key risks including use of company assets and any linkages to Modern Day Slavery
- Conducted training on the ethical use of Artificial Intelligence
- Completed a review of potential risks and areas for improvement within our Human Resource Management and recruitment practices.
- Completed a risk assessment of our Asset Management processes.
- Commenced a review of our Health, Safety and Environment (HSE) program.
- Invested in software to develop a risk-based approach to HSE practices.
- Arrow's Board of Directors commenced discussions regarding the structure and implementation of a Code of Ethics and Business Conduct.

During the financial year ending March 31, 2027, the Arrow Group has plans to take the following steps:

- Continue to assess and strengthen the Arrow Group's existing policies, business processes and governance framework to continuously identify and manage emerging risks including those with potential impacts on human rights and risk of modern slavery.
- Complete a review of the proposed Code of Ethics and Business Conduct for all employees and company executives.
- Discuss a Confidential Reporting system with Arrow's Board of Directors for employees to report matters of policy breach, ethical issues or concerns.
- Complete a review and assessment of our IT systems.
- Complete a review of Arrow's HSE practices
- Develop appropriate procurement policies and procedures.
- Develop appropriate Asset Management policies and procedures
- Undertake a review of our payroll processes.

Remediation of Loss of Income

As the Arrow Group has not yet identified any instances of forced labour or child labour in its activities or supply chains, measures to remediate the loss of income to the most vulnerable families that result from measures taken to eliminate the use of forced labour or child labour, have not been required.

Training

Understanding and complying with our policies and procedures in the Arrow Yellow Book is a condition of working at Arrow. All new hires must acknowledge that they have read and understood Arrow's policies.

In addition to our new hire orientation training on the contents of the Yellow Book, our Employment Age and Young-Worker Safety Policy contain additional responsibilities for employees under the age of 25:

- Participate and complete all young workers' training.
- Ask for additional training if you do not feel confident completing your task.
- Follow all workplace health and safety policies and procedures.
- Work safely always and never endanger themselves or others.
- Report on all real and potential workplace hazards and/or unsafe conditions.
- Wear personal protective equipment when required.

Prevention of Workplace Bullying, Harassment and Violence

Arrow's Human Resources Department has developed a process for employees to report matters relating to bullying, harassment and violence. Arrow's intranet contains a designated section on this topic and includes all applicable compliant forms and follow-up processes. This process was developed to ensure employees across Arrow are safe from any form of harassment and harm while executing their job function.

Assessing Our Effectiveness

Our Enterprise Risk Management department has developed a risk management strategy and embarked on various projects to review and assess our policies, business practices, risks and strategies to manage risks across the business. This department will continue to systematically evaluate the effectiveness of Arrow's policies and processes to confirm it remains current and aligned with the commitments in our Mission, Core Values and Principles, business activities, regulatory developments, and industry standards.

Consultation & Governance Process

In preparing this report, Arrow engaged with the reporting entities covered by this report. Arrow also consulted with key areas of our organization, including Human Resources, Operations Management, Payroll and Health, Safety and Environment. These departments operate and monitor policies across our enterprise, including the business units to which this report applies.

Approval and Attestation

This report was approved pursuant to subparagraph 11(4)(b)(ii) of the Act by the Board of Directors of Arrow Transportation Systems Inc.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in this report for the entity listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in this report is true, accurate and complete in all material respects, for the purposes of the Act, for the reporting year listed above.

Jack William Charles Jr.
Chairman
May 25, 2026

I have the authority to bind Arrow Transportation Systems Inc.