

# ANNUAL REPORT

## FINANCIAL REPORTING YEAR 2023

This Annual Report is filed by 407 International Inc. and its subsidiaries pursuant to Section 11(1) of *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, S.C. 2023, c. 9 (the “Legislation”).

### **Corporate Structure**

407 International Inc. (the “Company”) has its head and registered office at 6300 Steeles Avenue West, Woodbridge, Ontario L4H 1J1. It was incorporated under the Business Corporations Act (Ontario) (“OBCA”) on March 17, 1999 and was continued under the Canada Business Corporations Act (“CBCA”) on October 10, 2003. The Company is a majority-owned Canadian company, whose shares are beneficially owned, directed or controlled by the Canada Pension Plan Investment Board, also known as CPP Investments (“CPPIB”) (50.01%)<sup>1</sup>, Cintra Global S.E. (“Cintra Global”) (43.23%)<sup>2</sup>, and AtkinsRéalis Canada Inc., formerly SNC-Lavalin Inc. (“AtkinsRéalis”) (6.76%)

407 ETR Concession Company Limited (“407 ETR”) is a subsidiary of 407 International Inc. that operates and maintains the Highway 407 ETR. It was established by the Province of Ontario (the “Province”) as a Crown agency in 1999 and continued as a share capital corporation under the OBCA and continued under the CBCA on October 10, 2003. 407 ETR is responsible for the operation, maintenance, management and expansion of Highway 407 ETR. Highway 407 ETR is the first all-electronic open-access toll highway in the world, traversing the Greater Toronto Area (“GTA”), the largest urban centre in Canada. Highway 407 ETR runs 108 kilometres from Burlington in the west to Pickering in the east and connects to eight major highways in the GTA: Queen Elizabeth Way (QEW), Highways 403, 401, 410, 427, 400, 404, and Highway 407. The Company’s mission is to provide a fast, safe and reliable customer experience on and off the highway.

Canadian Tolling Company International Inc. (“Cantoll”) is a subsidiary of 407 International Inc. that was initially incorporated under the OBCA on December 6, 2001 under the numbered company 2007466 Ontario Inc., and was continued under the CBCA on October 10, 2003. Cantoll owns the integrated computerized accounting, billing and customer management system and transponders, and is responsible for the development of Highway 407 ETR’s integrated automation systems. Cantoll also provides third-party tolling services to the Province for Highway 407.

The Company, 407 ETR and Cantoll are collectively referred to as the “407 Group”.

As of December 31, 2023, the 407 Group had 499 full-time employees and 40 part-time employees, all located in Canada.

### **Operations and Supply Chains**

Through our understanding of the requirements under the Legislation, 407 Group assessed its suppliers based on whether goods were distributed by the 407 Group, whether goods produced outside of Canada were imported into Canada, and whether the 407 Group is the importer of record and/or responsible for duties on imports. During the fiscal year 2023, the 407 Group engaged directly for goods and services with third party suppliers to support the operations, establish, collect and enforce payment of tolls, and manage, maintain, repair and toll Highway 407 ETR. To address the requirements of the Legislation, the 407 Group has developed a comprehensive suppliers list to identify stakeholders within 407 Group, industry, spend, goods purchased, and goods distributed. The suppliers list started with approximately 400 vendors was then categorized into “services suppliers” and “goods suppliers” and narrowed

depending on procurement activities in 2023, followed with a supply chain analysis as part of our mapping activities to identify qualifying suppliers. Of the 98 goods vendors, 13 were for imported goods of which for 2 procurements the 407 Group (rather than the supplier) was the importer. In addition to the 2 procurements where the 407 Group was the importer, it was determined that 1 other procurement would fall under the “distribution of goods” requirement as listed under the Legislation.

Goods procured from the three suppliers can be categorized as following:

- materials and equipment
- information technology hardware and software

### **Policies and Due Diligence**

In 2023, the 407 Group took several steps to prevent and reduce the risk that forced labour or child labour in the supply chain. These actions included:

- Developing and implementing the Code of Conduct for Suppliers (the “Suppliers Code”) that contains elements of human rights due diligence, anti-forced labour and/or child labour standards consistent with the requirements of the Legislation.
- Requiring signed attestations from all 407 Group suppliers (or confirmation of equivalent policies and procedures), to identify, address and prohibit the use of forced labour and child labour, and to fully comply with the applicable laws and regulations.
- Undertook a supply chain first tier analysis for the two qualifying suppliers to determine origin of the goods imported in 2023 by the 407 Group which was the USA.
- Introduced an anonymous reporting channel where 407 ETR Group’ suppliers, their employees, contractors, agents can report suspected misconduct to 407 Group, including any activities that might be inconsistent with the standards of the Code. Information about the anonymous reporting channel for suppliers is provided, with an access link, in the Code and on the company’s website.

The 407 Group’s procurement and contract management processes are closely monitored to ensure compliance with internal policies across the organization. In 2023, 407 Group implemented the Supplier Code addressing matters of ethical standards of business conduct and behavior, including an express commitment to respecting human rights and the abolition of child labour.

Beginning in 2023, as part of the 407 Group procurement process, before a supplier is engaged, they are required to: (a) attest to compliance with the requirements of the Suppliers Code; or (b) attest they have their own internal policies and procedures that contain standards of conduct substantially equivalent or exceeding that of the 407 Group Suppliers Code; or (c) provide to the 407 Group for review and assessment their own policies and documents that support ethical standards in the supply chain.

The 3 (three) suppliers identified above as within the reporting scope of this Legislation have signed/attested to compliance with the requirements of 407 Group’s Code, including an express commitment to respecting human rights and abolition of child labour.

### **Remediation Processes**

As part of the supply chain analysis, 407 Group completed a first-tier analysis to determine origin of the goods imported by the 407 Group in 2023. Since the goods imported had USA as the country of origin, the applicable two suppliers have attested to a supply chain free of forced labour or child labour, we have

determined that 407 Group’s activities and supply chains are likely to not carry a risk of forced labour or child labour being used, and the question of remediation is considered not applicable.

**Employees Training**

Ethical business conduct is a standard expected from all employees of 407 Group. All 407 Group employees take the Employee Code of Conduct (“Employee Code”) training at the time of hiring and participate in an annual mandatory training and attestation on the contents of the Employee Code. The Employee Code covers topics such as business integrity, compliance with applicable laws, corporate social responsibility, human rights, vendor’s relationships, harassment-free workplace, diversity, and antidiscrimination.

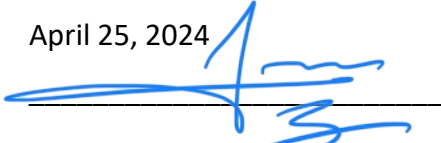
407 Group will provide training in 2024 in "Modern Slavery Risks in the Supply Chain" to its employees who are directly engaged with sourcing and selecting suppliers. The purpose of the training will be to ensure that such employees understand how to spot modern slavery risks; to communicate 407 Group expectations for combatting modern slavery; and how employees can raise any concerns. Any new hires who will be directly engaged with sourcing and selecting suppliers will be required to take the training "Modern Slavery Risks in the Supply Chain".

**Assessing Effectiveness**

407 Group does not have a risk assessment tool to assessing the overall effectiveness of its modern slavery response. In view of the foregoing, the overall risk is considered relatively low occurring within the 407 Group’s supply chain because the number of supplies is small (only 3 of 98 in 2023) and these suppliers are only from developed markets, specifically the USA and Canada. No material forced labour or child labour incidents have been identified in 2023.

**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 purposes of the Act, for the reporting year listed above.

Name: Javier Tamargo  
Title: President & Chief Executive Officer / Director  
Date: April 25, 2024  
By: 

*I have the authority to bind 407 International Inc.*