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***Fighting Against Forced Labour and
Child Labour in Supply Chains Act
2023 Report***

May 2024

Introduction

This report (the “**Report**”), in respect of the financial year ended December 31, 2023, has been prepared jointly by Enercare Inc. and its subsidiaries set out below, which are reporting entities, as defined under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, S.C. 2023, c.9 (the “**Act**”):

1. Enercare Inc.;
2. SE Canada Inc.;
3. Enercare Home and Commercial Services Inc.;
4. Enercare Home and Commercial Services Limited Partnership;
5. Enercare HS Portfolio Limited Partnership; and
6. HydroSolution, L.P.,

hereinafter collectively referred to as “**Enercare**”.

As the trusted home services provider to over one million Canadians, Enercare recognizes its important role in helping to identify, prevent and assess the risk of forced labour and child labour in its business activities and supply chains. Enercare is committed to respecting the human rights of people involved in its business activities and supply chains and will aim to be a positive force for change in the fight against forced labour and child labour.

Structure, Activities and Supply Chains

Enercare Inc. is incorporated under the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44. Enercare Inc. has multiple Canadian subsidiaries, including SE Canada Inc., Enercare Home and Commercial Services Inc., Enercare Home and Commercial Services Limited Partnership, Enercare HS Portfolio Limited Partnership and HydroSolution, L.P. Enercare Inc.’s head office is located in Markham, Ontario, Canada. Enercare provides heating, cooling, plumbing, electrical, and water heating and treatment and related products and services to its customers located across Canada, including in Ontario, Quebec, Alberta, Manitoba, Saskatchewan and British Columbia.

Enercare sells water heating, heating, ventilation and air conditioning (“**HVAC**”) and other similar goods in Canada. Enercare does not produce or import the goods that it sells. Enercare also provides repair, maintenance, installation, replacement and other similar services relating to water heaters and HVAC equipment and other similar goods to residential and commercial customers across Canada.

Enercare works with third party suppliers to support key parts of its business activities, including to provide equipment and parts, customer service, installation or other technical services, finance and information technology services. These third party suppliers have operations and significant supply chain activities in Canada, as well as the United States, China, Colombia, Costa Rica, India, Japan, Mexico, Philippines and South Korea.

Policies and Due Diligence Processes

Code of Business Conduct and Ethics

Enercare is committed to conducting business in an ethical and responsible manner, including by carrying out its activities in a manner that respects and supports the protection of human rights. Enercare's *Code of Business Conduct and Ethics* (the "**Code**") explicitly prohibits forced labour and child labour. In addition to applying to its directors, officers and employees, Enercare strives to embed the requirements of the Code into all of its core business activities, including a requirement to adhere to the Code in many of its key supplier contracts.

Reporting Procedure and Non-Retaliation

In accordance with the Code and Enercare Inc.'s *Whistleblower Policy*, Enercare encourages the reporting of concerns about malpractice or impropriety, which includes a violation of the Code. Enercare prohibits retaliation against anyone who reports suspected violations of the Code or any law or regulation. Enercare has provided multiple options to report any such breaches, including to:

- an employee's manager;
- Enercare Inc.'s President and Chief Executive Officer, or Chief People and Legal Officer; or
- the confidential Whistleblower Reporting Hotline that is operated by a third party provider.

There were no reports received relating to forced labour or child labour in its business activities or supply chains in 2023.

Due Diligence Process and Contractual Protections

Enercare currently has a due diligence process for screening its suppliers. The process includes reviewing, as applicable, financial information, technical capabilities, licensing documentation, and processes required under Enercare Inc.'s *Anti-bribery and Corruption Policy*. Looking forward, Enercare is exploring opportunities to enhance its due diligence process to specifically address forced labour and child labour risks for suppliers that pose a higher risk of forced labour or child labour in accordance with Enercare's preliminary risk assessment described below.

In addition to its due diligence process, Enercare's standard form agreements typically include a requirement that the applicable counterparty comply with applicable laws.

Assessment and Management of Risk of Forced Labour and Child Labour

Preliminary Risk Assessment

a. Annual Assessment

Enercare completed a preliminary risk assessment in 2023, based on an internally developed risk assessment framework regarding forced labour and child labour. The assessment focussed on the following areas:

- identification of potentially higher risk areas (see the section below on Country and Sector Risks);
- company policies;
- supply chain management policies and contracts;
- due diligence activities;
- training; and
- reporting and internal accountability.

b. Country and Sector Risks

The preliminary risk assessment included the identification of potentially higher forced labour and child labour risk areas in Enercare's business activities and supply chains, which was based on country and sector risk.

Country risk was assessed based on *The Global Slavery Index 2023*¹. Countries with a score of 50 or higher were deemed to be potentially higher risk. The result of the assessment indicated that Enercare's supply chain includes four (4) high risk countries with a 2023 Global Slavery Index score of 50 or higher: Colombia, India, Mexico and Philippines.

To assess sector risks, Enercare referenced a number of sources, including *Global Estimate of Modern Slavery: Forced Labour and Forced Marriage*², and *North Korean Sanctions & Enforcement Actions Advisory*³, to compile a list of sectors with potentially higher risk of forced labour and/or child labour. As a result of the sector risk analysis, Enercare identified three (3)

¹ Walk Free. (2023). *The Global Slavery Index 2023*. Minderoo Foundation Limited.

<https://cdn.walkfree.org/content/uploads/2023/05/17114737/Global-Slavery-Index-2023.pdf>
Walk Free. (2023). *The Global Slavery Index: Vulnerability*. https://www.walkfree.org/global-slavery-index/map/?_gl=1*199opc*_ga*MTc3MzkyODM2OC4xNzE1MDkyODcy*_ga_BLJ2LCP865*MTcxNTA5Mjg3Mi4xLjAuMTcxNTA5Mjg3Mi42MC4wLjI3MjMONjM0MA..#mode=data:dimension=v

² International Labour Organization, Walk Free, International Organization for Migration. (2022). *Global Estimates of Modern Slavery Forced Labour and Forced Marriage*. <https://www.ilo.org/media/370821/download>

³ United States Department of the Treasury, Department of State, Department of Homeland Security. (2018). *North Korea Sanctions & Enforcement Actions Advisory: Risks for Businesses with Supply Chain Links to North Korea* <https://www.cbp.gov/sites/default/files/assets/documents/2018-Aug/North%20Korea%20Sanctions%20%20Enforcement%20Actions%20Advisory.pdf>.

higher risk sectors within its business activities and supply chains: construction, information technology services and software, and manufacturing.

Looking Forward

Based on the results of the preliminary risk assessment, Enercare identified areas of its supply chain activities that potentially pose a higher risk of forced labour and child labour, based on country and sector risk. Enercare will monitor these higher risk areas that have been identified and explore the implementation of additional measures to mitigate those risks. The results of the 2023 preliminary risk assessment (and future annual assessments) will also serve as the basis for continuous improvement and mitigation action planning for future years.

Remediation Measures

Enercare has not identified any forced labour or child labour in its business activities or supply chains and has thus not identified any loss of income to vulnerable families resulting from measures taken by Enercare to eliminate the use of forced labour or child labour in its business activities or supply chains. Accordingly, no remediation measures were implemented in 2023.

Looking forward, Enercare will strive to address any future issues of forced labour and/or child labour that may be identified in its business activities or supply chains.

Training Program for Employees on Forced Labour and Child Labour

Enercare employees are required to complete an annual attestation that the employee has reviewed and agrees to continue to abide by Enercare policies, including the *Code of Business Conduct and Ethics*, which explicitly prohibits forced labour and child labour in carrying out business activities.

Looking forward, Enercare will explore the development of further training materials focussed on ensuring forced labour and child labour are not part of its business activities and supply chains.

Assessment of Effectiveness in Ensuring Forced Labour and Child Labour are Not a Part of Business Activities and Supply Chains

Enercare has effective policies and due diligence processes in place to govern its business activities and relationships with its suppliers. Enercare also has a reporting hotline operated by a third party, to enable the reporting of any concerns, including relating to forced labour and child labour. Given the nature of its business, Enercare has not identified forced labour and child labour as a significant risk to date.

Looking forward, Enercare will continue to assess the adequacy of its processes and consider developing additional safeguards to further bolster its efforts to ensure forced labour and child labour are not part of its business activities and supply chains. Enercare will also explore the implementation of applicable key performance indicators to support future assessments of the effectiveness of its efforts.

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

This Report was approved pursuant to section 11(4)(b)(ii) of the Act by the Board of Directors of Enercare Inc.

ENERCARE INC.

A handwritten signature in black ink that reads "John Peri". The signature is written in a cursive, flowing style.

John Peri, on behalf of the Board of Directors of Enercare Inc.

May 14, 2024