



Reliance Comfort Limited Partnership

Report on Child Labour and Forced Labour in the Company's Supply Chains

Reporting Period: January 1 – December 31, 2023

Reliance Comfort Limited Partnership, doing business as Reliance Home Comfort ("**Reliance**" or the "**Company**" or "**our**" or "**we**"), is committed to the highest possible standard of honest and ethical behaviour. As such, we consider the respect of human rights to be a fundamental corporate responsibility and a value governing all our activities, and we expect the same from every person and business we work with.

This Report sets out the measures we take to help reduce the risk of forced labour or child labour being used at any step in the selling, distribution, or importation of our goods in Canada or elsewhere in the world. This Report constitutes the first report prepared by the Company pursuant to Canada's new *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "**Act**") and is prepared for the financial year ending on December 31, 2023 (the "**Reporting Period**").

1. Structure, Activities and Supply Chains

Reliance is a limited partnership that was formed on December 10, 2003 under the laws of Manitoba.

Headquartered in Toronto, Ontario, Reliance has become a trusted provider of water heaters, furnaces, heat pumps, air conditioners, water purification, plumbing, protection plans, smart home, electrical, electrical vehicle chargers and other related home comfort products to both residential and commercial customers in Canada. At the time of this Report, Reliance has 33 office, warehouse and regional branch locations in Canada.

Reliance operates in Canada primarily under the **Reliance Home Comfort** brand and under several regional **Reliance** sub-brands. The Company's central services also support the operations of two affiliated U.S. companies: Badger Bob's Services, LLC in Sarasota, Florida and RH&A, LLC doing business as Reliable Heating & Air in Atlanta, Georgia.

The Company does not manufacture or otherwise produce any products. Instead, our operational efficiency heavily relies on third-party suppliers to furnish us with the necessary equipment and parts, while we leverage our skilled workforce to deliver exceptional home comfort products and services to our customers. In 2023, we used approximately 53 different direct (Tier 1) suppliers to provide our equipment, parts and consumables. While most of these suppliers manufacture their products in Canada or the U.S., there are a few suppliers who manufacture some products or parts of products in Mexico, Japan, or Malaysia.

As of December 31, 2023, Reliance employed over 2,225 people in Canada. Our workforce comprises central services' team members from departments such as Procurement & Supply

Chain, Billing, Accounts Receivable, Contact Centres, Marketing, Finance, Human Resources, and Legal, as well as region-specific team members such as branch managers, technicians and salespersons. All team members in Canada must be the minimum legal age of employment and must pass a background check to work for the Company.

2. Policies, Governance and Due Diligence Processes

At Reliance, we are deeply committed to ethical business practices, and our efforts include the elimination of child labour and forced labour within our supply chains. To achieve this, we have implemented policies to guide stakeholder behaviour and perform ongoing monitoring to assess compliance. Through the measures described below, we strive to uphold the highest standards of integrity and human rights in all our business dealings and thereby reduce the risk of child labour or forced labour in our supply chain.

2.1 Request for Proposal Process

We aim to work with reputable companies from countries with equitable labour laws and fair employment practices. We often rely on our thorough request for proposals (“**RFP**”) procurement process to vet the companies from which we’re considering procuring goods.

The RFP process serves as a critical mechanism for our Company to assess the reasonable pricing of requested services while also scrutinizing potential vendors for any indicators of unethical labour practices. By analyzing the pricing discrepancies among vendors, we can identify any suspiciously lower prices that may signal the exploitation of cheap labour through unethical practices. Such anomalies prompt deeper investigation into the potential vendor’s practices, allowing us to make informed decisions that align with our commitment to ethical labour standards. The RFP process also discloses and requires agreement by potential vendors with our standard contractual provisions, including our standard environmental, social, and governance (“**ESG**”) provision. Through the RFP process, we are able to help safeguard against the perpetuation of exploitative labour practices within our supply chain.

2.2 Supplier Code of Conduct

All suppliers of the Company are required to sign and abide by our Supplier Code of Conduct. The Company expects our suppliers to fully comply with applicable laws and to adhere to internationally recognized ESG standards. The Supplier Code of Conduct explicitly requires our suppliers to:

- support the protection of internationally proclaimed human rights, fight forced labour (including modern slavery and human trafficking) and child labour;
- uphold the freedom of association and the right to collective bargaining in accordance with applicable laws;
- treat their employees with respect and provide a workplace free of harassment or abuse of any kind, harsh and inhumane treatment, unlawful practices, or discrimination;

- enable their employees and other stakeholders to report concerns or potentially unlawful practices at the workplace; and
- comply with minimum wages and working hours in accordance with local laws and ensure compensation of a living wage according to local living conditions.

Our Supplier Code of Conduct is a cornerstone of our commitment to ethical business practices and serves as a vital tool in our fight against forced labour and child labour. By mandating that our suppliers support the protection of internationally proclaimed human rights and actively combat forced labour, modern slavery, and human trafficking, we establish clear ethical standards that promote dignity and freedom. Additionally, the inclusion of mechanisms for reporting unlawful practices and concerns enables transparency and accountability within our supply chain. Lastly, by insisting on compliance with local laws regarding minimum wages and working hours, and the provision of a living wage that reflects local living conditions, our code ensures that economic exploitation is addressed, and workers receive fair compensation. Together, these guidelines help us ensure that our supply chain is compliant with laws and aligned with our values of fairness and human decency.

2.3 Supplier Site Visits

Reliance commonly visits our primary suppliers' respective place of business, distribution site, factory or other work sites. Before engaging any supplier, we may also conduct a site visit whereby a member of our operations or product management team tours, in whole or in part, a potential supplier's facility. During these site visits, our team members are often able to observe the working conditions of the suppliers' employees and have an opportunity to look for any signs of whether forced labour or child labour may be taking place. During the Reporting Period, our team members visited a number of our suppliers' manufacturing plants, distribution centres, warehouses and offices. None of our site visits revealed any signs of the use of child labour or forced labour.

2.4 Contractual ESG Obligations

At Reliance, we recognize the critical role that contractual agreements play in promoting ethical labour practices within our supply chain. We use a standard form supplier agreement which includes an ESG provision that was updated during the Reporting Period to explicitly require suppliers to ensure that any products and their supply chain with respect to such products is free of forced labour and child labour. Our standard form supplier agreement gives us the right to request information about a supplier's supply chain and assess its compliance with laws, including any requirements concerning forced labour and child labour. If a supplier fails to comply with any of the ESG obligations or policies, we retain the right to terminate any agreement with the defaulting supplier. Most of our contracts are also governed by Canadian or U.S. laws which further prohibit the use of child labour and forced labour. By including provisions for termination in the event of violation, our ESG provision helps us underscore the seriousness with which we regard ethical labour practices, helping ensure that every entity within our supply chain operates with integrity and respect for all workers.

2.5 Code of Ethics and Business Conduct Policy

All team members are required to follow the Company's Code of Ethics and Business Conduct Policy (the “**Code**”) which provides overarching guidelines for actions and behaviours when dealing with other team members, our investors, our customers, business partners, contractors, suppliers, government authorities, and the general public.

The Code applies at all times, without exception, and details the standard of behaviour we expect from all our team members, including our executives. The Code explicitly does not condone accomplishments achieved by breaking the law or unethical business dealings and we do not tolerate any behaviour that conflicts with our corporate policies, principles or applicable laws. Any team members whose actions are inconsistent with the Company's policies and principles will be disciplined, up to and including termination.

2.6 ESG Initiatives

We are committed to embedding human rights considerations into our policies, governance framework and decision-making. As such, we see the management of ESG risks and opportunities as an inherent part of our success as a business. We regularly track the potential sustainability-related risks that are shaping our operating environment and implement strategies to help reduce them.

Our board of directors has delegated oversight of sustainability and corporate social responsibility to the Commercial, Operational and Sustainability Committee and the Audit, Risk and Treasury Committee. This includes monitoring and ensuring compliance with the Code and other Company ESG plans, practices and related policies, as well as identifying any ESG-related concerns and taking steps to address them.

2.7 Training

All new team members are assigned a mandatory onboarding training package which includes training on our Code as well as other ethical topics that are specific to the team member's role. For example, we've created a list of regulatory compliance Dos and Don'ts for various roles within the Company to provide clarity around specific behaviours that are and are not permitted within that role. Reliance is considering training to targeted audiences that will include specific information on the use of child labour and forced labour in supply chains.

3. Assessing and Managing Risk within Supply Chain

We are aware that some parts of Reliance's supply chain do carry a risk of forced labour and/or child labour. As aforementioned in this Report, some of our Tier 1 suppliers manufacture products or parts in Mexico and Malaysia, where child labour and forced labour are known to be used in certain industries. There is also a risk that some indirect suppliers (Tier 2 and Tier 3 suppliers) may use child or forced labour to produce goods for sale to our Tier 1 suppliers which are then integrated into the products we purchase from our Tier 1 suppliers. For example, steel is

commonly used to manufacture our HVAC products and our Tier 2 or Tier 3 supplier may obtain parts or raw materials containing steel from China, where certain industries have been found to rely on forced labour in the extraction of raw materials. At the time of this Report, we have not yet reviewed in depth the activities of our Tier 2 or Tier 3 suppliers.

The measures described in this Report help us manage the risk of forced labour or child labour being used in our supply chains. We rely on our team members to report any concerns or suspicions which are then thoroughly investigated by the appropriate parties at the Company or an external party if necessary. Thereafter, a plan of action is carried out to manage the identified concerns.

We have not yet taken specific steps to assess the effectiveness of our measures in ensuring that forced labour and child labour are not being used in our supply chains, however, we are reasonably satisfied that nothing in our relationships with our Tier 1 suppliers has raised suspicions of the use of child labour or forced labour. As a result, we did not take any measures to remediate the use of any forced labour or child labour in our activities or supply chains or 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 our activities and supply chains

4. Approval and Attestation

The Report was approved pursuant to subparagraph 11(4)(a) of the Act by the board of directors of the general partner of Reliance Comfort Limited Partnership.

In my capacity as an officer of Reliance Comfort Limited Partnership, and not in my personal capacity, I make this attestation in accordance with the requirements of the Act.

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.

Full name	<u>Demetra Tsioros</u>
Title	<u>Chief Financial Officer</u>
Date	<u>May 31, 2024</u>

Signature	<u>[Confirmed original signed by Demetra Tsioros]</u> I have the authority to bind <i>Reliance</i> <i>Comfort Limited Partnership</i> .
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