

MODERN SLAVERY REPORT

INTRODUCTION

Founded in 1906, Emco Corporation (“**Emco**”) is one of Canada’s largest integrated distributors of products for the construction industry, offering products in the plumbing, waterworks, industrial and HVAC market sectors.

Emco has prepared and published this report in accordance with the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, S.C. 2023, c. 9 (the “**Act**”). This report describes the steps we have taken during the financial year ending December 31, 2023 (the “**Reporting Period**”) to identify, assess, and address modern slavery risks in our operations and supply chain.

ORGANIZATION

Structure

Emco is an unlimited liability company formed under the laws of Nova Scotia. Emco operates through a network of over 275 Profit Centres, distribution warehouses, and showrooms (collectively referred to as “**PCs**”) across Canada, each of which is independently managed and uniquely situated to respond to local market needs. Our National Support Centre, located in London, Ontario, provides centralized business support services to Emco’s distribution network.

Emco’s operations are divided into regions based on geographic location and product segment. Within each region, PCs may operate under a variety of trade names, each of which is a division of Emco. Each PC manager reports to a Region Manager. Region Managers report to our General Manager who, in turn, reports to our President. Employees of Emco’s National Support Centre report to team leaders who, in turn, report to our General Manager. Emco has in excess of 2,500 employees (referred to as “**teammates**”), all of whom are based in Canada.

Emco controls a number of corporations (the “**Controlled Corporations**”) that are also engaged in distribution of plumbing, waterworks, industrial and/or HVAC products. Among the Controlled Corporations is Noble Corporation (“**Noble**”), which is an “entity” under the Act and which has prepared a separate report. All Controlled Corporations operate from physical locations solely within Canada. Collectively, the Controlled Corporations employ in excess of 900 people, all of whom are based in Canada.

Activities

Emco’s primary business is wholesale distribution within the construction industry. Retail trade accounts for a small portion of Emco’s business, primarily within the plumbing sector in which PCs may, in limited circumstances, sell direct to homeowners. Emco also performs some limited product assembly and light manufacturing, which activities are performed solely within Canada.

As part of its operations, Emco imports products from outside Canada. During the Reporting Period, the top 10 countries of origin of products for which Emco was Importer of Record, based on total annual spend, were the United States, China, Italy, Romania, Mexico, Thailand, Japan, Germany, Brazil and Australia. During the Reporting Period, purchases from these countries represented in excess of 95% of our total annual spend for imported products.

Supply Chain

Emco sources products from suppliers located in and outside Canada for sale primarily within Canada. During the Reporting Period, Emco had in excess of 3,500 inventory suppliers, with the majority of those suppliers being based in Canada. During the Reporting Period, our top 3 countries of supply, based on total annual spend, were Canada, the United States, and China. In excess of 95% of the products, based on total annual spend, are sourced from suppliers in Canada and the United States.

POLICIES AND DUE DILIGENCE PROCESSES

Emco has various processes in place to address the risk of human rights violations and modern slavery within our operations and supply chain.

Code of Conduct

Emco's Code of Ethics and Conduct (the "**Code**") is the foundation of our culture. Our Code applies to all persons employed by Emco and is designed to create awareness of our legal and ethical expectations and to guide teammates to "do the right thing" in all aspects of our business.

The Code contains the following statement in relation to forced labour and child labour.

Emco does not tolerate forced labour or child labour in our operations or supply chain and takes active steps to ensure that our suppliers share this commitment. Each year, we ask our suppliers to certify that they do not use forced labour or child labour and that they are not aware of such practices in their supply chains. In addition, we rely on each of our teammates to conduct ongoing due diligence of our suppliers (new and existing) and to report any suspected instances of forced or child labour.

[...]

If you suspect the presence of forced labour or child labour in a supplier's operations or supply chain, contact Emco's legal department.

We require all teammates to certify that they have read and will comply with the Code on an annual basis. Violations of the Code result in appropriate corrective action.

Hiring and Employment Practices

Emco has implemented a number of controls in relation to recruitment and hiring. Prior to commencing employment with Emco, all candidates must participate in an interview with their proposed manager, with certain positions requiring multiple interviews. As a condition of employment, all candidates must be legally entitled to work in Canada. All successful candidates receive a written offer of employment and are entered into Emco's centralized human resources system prior to their start date. Payroll is administered by our National Payroll & Benefits group in accordance with applicable legislation.

Health & Safety

Emco is committed to promoting and ensuring the health, safety and wellness of our teammates. This has led to "No one at Emco gets hurt" becoming a strategic priority for our organization. Emco has implemented this priority through a series of policies called standard practice instructions which outline controls and requirements to maintain teammate, customer, and visitor safety and to comply with all applicable laws, including provincial occupational health and safety legislation, regulations, rules and standards.

Emco teammates receive training on safe working conditions and are required to report workplace accidents, unsafe working conditions, unsafe practices, violence in the workplace, or any attempt, threat or suspicion of violence, bullying or harassment. Teammates may do so pursuant to our internal reporting process or by calling or emailing Teammate Support Services, an anonymous forum for reporting known or suspected violations of Emco's Code or standard practice instructions.

Ethics and Compliance Reporting

Emco also has an Ethics and Compliance reporting process for third parties who believe that anyone at Emco has violated our Code. Emco encourages the reporting of any known or suspected violations of our Code by email, mail, web form, text, or phone call, the contact details for which are provided on Emco's website. All ethical and compliance concerns are promptly reviewed by Emco's Legal team.

Supplier Due Diligence

During the Reporting Period, Emco implemented a due diligence process whereby all inventory suppliers received a compliance document setting out Emco's requirements with respect to modern slavery, including that the supplier not use child labour or forced in their own operations, that the supplier take reasonable steps to ensure that there are no activities, practices, or conduct that constitute child labour or forced labour in their operations or supply chain, and that the supplier maintain, keep up to date, and enforce their own policies and procedures to ensure that there is no child labour or forced labour in their operations or supply chain. The compliance document also requires that suppliers maintain documentation necessary to evidence compliance with these requirements and to make such documentation available to Emco upon request. This due diligence

process is carried out by representatives from Emco's National Vendor Relations, Accounts Payable, Enterprise Risk Management and Legal teams.

Supplier Contracting

During the Reporting Period, Emco began incorporating the modern slavery requirements described above directly into our supplier, distribution, and reseller agreements.

RISK ASSESSMENT AND MANAGEMENT

During the Reporting Period, the main area of risk identified was the supply chain for products that Emco purchases for resale, particularly goods originating outside Canada and the United States. To mitigate this risk, Emco implemented the supplier due diligence process outlined above.

A secondary area of risk is Emco's supply chain for goods and services that are used within our business and for which we contract with third parties, including property management services (waste management, pest control, security, cleaning), IT goods and services (hardware, software, services), office goods and services, and financial services. We have identified this as an area requiring further examination and, if necessary, corrective action.

REMEDIATION MEASURES

During the Reporting Period, we did not identify the existence of forced labour or child labour in our operations or supply chain. As a consequence, we have not undertaken any remediation activities or activities aimed at addressing the losses suffered by those who have lost their income as a result of actions taken by Emco to eliminate forced labour or child labour from our supply chain.

TRAINING

In addition to incorporating the topic of modern slavery into our Code, during the Reporting Period, Emco began developing a specialized teammate training module on forced labour and child labour. The training provides an overview of Canada's approach to modern slavery, including the key elements of the Act, describes Emco's risk mitigation efforts, and provides recommendations on how Emco teammates can assist in identifying and mitigating forced labour and child labour within our business. The training was developed internally and will take the form of an interactive online course with assessments incorporated at various sections to evaluate the participant's understanding of the material. The training will be available to all Emco teammates and will be mandatory for certain roles, including leadership, management, and teammates involved in vendor selection and/or purchasing.

ASSESSING EFFECTIVENESS

During the Reporting Period, there were no reported instances of forced labour or child labour within Emco's operations. If Emco were to receive a report of forced labour or child labour within

its operations, Emco would immediately investigate the matter with the assistance of the Legal and/or Audit team, as appropriate. If forced labour or child labour were found to have occurred, Emco would act swiftly to remove the teammate from harm, provide the teammate with post-removal assistance, and take disciplinary action against any teammate(s) determined to have employed forced labour or child labour practices.

During the Reporting Period, Emco did not identify any instances of forced labour or child labour within its supply chain. If such instances were found to exist, Emco would take immediate action to address the situation with the supplier, confirm that corrective measures have been taken to prevent the continuation of forced labour or child labour and, if the supplier failed to take such corrective measures, cease doing business with the supplier.

Emco is committed to expanding and improving its approach to identifying and mitigating the risk of forced labour and child labour within its operations and supply chain. In 2024, Emco's priorities in relation to modern slavery include:

- continuing to conduct due diligence on existing and prospective suppliers;
- creating a standard practice instruction on forced labour and child labour, including actions to be taken when evaluating prospective suppliers;
- incorporating modern slavery risk identification mechanisms into our supplier onboarding process;
- launching our internal training module and tracking teammate completion; and
- forming an internal committee to provide input on Emco's risk identification and mitigation efforts and to conduct ongoing evaluations of the effectiveness of Emco's efforts.

ATTESTATION

In accordance with the requirements of the Modern Slavery 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 has been approved by the Board of Directors of Emco Corporation on ●, 2024.

Sean Kelly, Vice President & General Manager
I have the authority to bind Emco Corporation.
[Date], 2024