

Engineered Air 2023 Forced and Child Labour Report

This Report is published pursuant to the Canadian *"Fighting Against Forced Labour and Child Labour in Supply Chains Act"* (or *"the Act"*) and sets out the steps that Airtex Manufacturing Partnership, doing business as Engineered Air (the "Company" or "Engineered Air") and including its subsidiary, Campo Equipment Co. Ltd. ("Campo Equipment"), has taken and is continuing to take to combat forced and child labour within our business and supply chains. The Report outlines the activities for calendar year 2023 through to May 2024.

Introduction

At Engineered Air and at Campo Equipment, we have zero-tolerance for forced labour and child labour in our business and supply chains. We take our responsibility to combat forced and child labour seriously and are committed to acting ethically, transparently and with integrity.

Our business and supply chains

Engineered Air is one of North America's leading manufacturers of custom built to order heating, ventilating, air conditioning, refrigeration and energy recovery equipment. With 12 sales offices in Canada, 20 in the U.S.A. and a total of 10 factories in North America and employ more than 1700 people. Our wholly owned subsidiary, Campo Equipment, is located in Brampton, Ontario, with 3 warehouses and around 50 employees.

We procure a significant proportion of goods and services from a small number of suppliers and establish strategic, long-term and transparent relationships. Key materials we source include metals such as steel, aluminum and copper; machinery and parts such as motors and blowers; and electronics. Most of our suppliers are from North America. Metals such as aluminum, copper and steel are all procured in North America.

At Campo Equipment, approximately 20% of total procurement consists of parts such as fans that are shipped directly from China and Germany (a more detailed risk assessment for Campo Equipment is scheduled to be carried out in the upcoming year). The bulk of procured materials, about 50% - 60%, relates to metalworks sourced from local Canadian fabricators.

Policies and due diligence processes

We are committed to working with current and prospective suppliers to ensure a clear understanding and appreciation of the values of ethical business practices. At Engineered Air, our Manager of Procurement and Logistics performs onsite inspections to ensure that the facilities are up to standard from a safety perspective. The founder of Campo Equipment oversees the Supply Chain team and the selection of suppliers for Campo Equipment, with the support of the Procurement team - specifically, the Operations Manager.

Our purchase order agreements outline the terms and conditions for suppliers. If a deviation from the terms or a product quality issue is found, Engineered Air and Campo Equipment engage suppliers directly to determine the appropriate corrective actions. If suppliers are unwilling or unable to carry out corrective actions, we reserve the right to terminate the business relationship and any agreements with suppliers immediately.

Our Employee Handbook establishes value-based guidelines for how we interact with stakeholders, internal and external to our operations. Employees are required to sign off an Employee Handbook Acknowledgement when they are onboarded. Campo Equipment is in the process of adopting the Engineered Air Employee Handbook into their own operations and onboarding processes.

In addition, we have established a Workplace Investigation Policy that provides guidance for conducting internal investigations of alleged violations of company policies, rules and standards of conduct, as regulated by legislation (including issues regarding forced and child labour). At Campo Equipment, if there are any grievances, employees are directed to contact their Safety Manager or Human Resources department. Employees are encouraged to speak to their managers directly and this has been effective to date. The founder of Campo Equipment is ultimately responsible for overseeing investigations.

We review all policies and procedures on a regular basis and will continue to do so to reflect our processes, continuous improvement and compliance with relevant laws and regulations.

Forced labour and child labour risks

For Engineered Air, an independent assessment of the risk of forced and child labour in our supply chains was undertaken to better understand the risks associated with the country of origin of our procured products and the risk profile in terms of forced and child labour. We began by analyzing goods where Engineered Air is the importer of record into Canada. This analysis was based on import data from 2023 across our Canadian legal entities. The initial risk assessment indicated a relatively small percentage of goods imported from Tier 1 suppliers (suppliers we purchase from directly) carry risks of forced labour and child labour based on the information available.

Engineered Air is scheduled to carry out a risk assessment for Campo Equipment in the upcoming year.

Remediation measures

We acknowledge the importance of vigilance and ongoing monitoring to ensure that forced and child labour risks remain mitigated within our operations and supply chains. We will regularly review our risk assessments and implement any necessary remediation measures should the need arise. In the event that we discover any forced labour or child labour in our business and supply chains, we will immediately implement the appropriate remediation strategies in compliance with prevailing standards.

Training

An upskilling session on forced and child labour was conducted during the year, involving key stakeholders from both Engineered Air and Campo Equipment. The training was developed and executed by an independent third party.

Assessing effectiveness

We recognize the importance of maintaining constant vigilance to identify and address any instances of forced and child labour throughout our business and supply chains. We intend to assess the effectiveness of preventing and reducing these risks going forward.

Plans for 2024

In 2024, we plan to undertake the following actions to further deepen and strengthen our work to combat forced and child labour in our business and supply chains:

Areas	Actions
Policies and due diligence processes	<ul style="list-style-type: none">• Develop a standardized questionnaire; for example, as part of purchase orders applicable to all suppliers in assessing forced and child labour concerns.
Forced labour and child labour risks	<ul style="list-style-type: none">• Introduce a high-level process to determine the service categories and suppliers that pose greater risk.
Training	<ul style="list-style-type: none">• Include topics on forced and child labour as part of the onboarding process for all new hires.
Assessing effectiveness	<ul style="list-style-type: none">• Update roles and responsibilities to identify an individual responsible for monitoring new legislative developments and interpreting labour and human rights legislation at the local, national and international levels.

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.



David Taylor, President, Engineered Air, May 21, 2024

I have the authority to bind Engineered Air