



BIRCH HILL
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Statement on the Prevention of Modern Slavery and Human Trafficking for the financial year ended December 31, 2023 ("FY23")

Introduction

This statement has been prepared in accordance with Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, which came into force on January 1, 2024 (the "**Canadian Act**"), on behalf of Birch Hill Equity Partners Management Inc. ("**Birch Hill**", "**we**", "**our**", or "**us**"), an Ontario corporation headquartered in Toronto, Ontario. This statement outlines the steps we have taken and policies we have in place that are intended to identify and prevent modern slavery, including forced labour, child labour and human trafficking, in our business operations and supply chains and in those of the companies we control.

At Birch Hill, we strive to uphold the highest standards of legal and ethical conduct. We have been signatories of the United Nations Principles for Responsible Investment ("**UNPRI**") since 2011. The UNPRI provides a framework for institutional investors seeking to incorporate environmental, social and governance ("**ESG**") principles into investment strategies and activities. Furthermore, our work is guided by certain principles as they relate to responsible investing. Please visit our website, <https://www.birchhillequity.com/responsible-investing-policy/>, to view our Responsible Investing Policy.

Our Commitment

We recognize that all forms of modern slavery, including forced labour, child labour and human trafficking, are a violation of fundamental human rights. We are committed to eradicating the risk of modern slavery and human trafficking from our business and supply chains and at the portfolio companies we control. Where Birch Hill does not have control, but exercises influence over companies in its portfolio, we encourage these companies to make the same commitment. We are also committed to monitoring these risks on an ongoing basis.

Our understanding of child labour and forced labour is based on the definitions set out in the Canadian Act and is guided by the United Nations Universal Declaration of Human Rights and the conventions of the International Labour Organization ("**ILO**") relating to forced or compulsory labour. Birch Hill's approach is guided by these documents, is anchored to the framework set forth in the United Nations Guiding Principles on Business and Human Rights and embodied in our employee policies and code of conduct.

Section 1: Our Structure and Operations

Birch Hill is a privately held Canadian mid-market private equity firm and is owned by its partners. We partner with mid-sized growth-oriented companies to build leading global businesses across a diverse set of industries. We have investments in 14 different portfolio companies, which collectively employ more than 30,000 employees in Canada and the United States. Birch Hill directly employs approximately 55 individuals in Toronto, Ontario.

Birch Hill has met the asset and revenue-related thresholds of the Canadian Act for the two most recent financial years. As such, Birch Hill qualifies as an "entity" under the Canadian Act.

As a controlling person of several portfolio companies that (i) produce, sell or distribute goods in Canada or elsewhere, or (ii) import into Canada goods produced outside of Canada, we are required to report on the steps that these companies have taken to prevent and reduce the risk of forced and child labour in their operations and supply chains. This report is Birch Hill's inaugural report under the Canadian Act. Each of our qualifying portfolio companies will submit its own report.



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Section 2: Risks of Forced Labour and Child Labour in Birch Hill's Operations and Supply Chains, and in our Portfolio Investments

Birch Hill's Board of Directors is responsible for setting the firm's strategy, shaping its culture and developing key policies, including on issues such as labour and human rights. The Board regularly reviews our approach and policies and addresses risks as they arise. The Board has established the Birch Hill Sustainability Team to manage the administration of these policies.

Our People Risk

Our most significant expenditure relates to the salaries and benefits for our staff. The overall risk that our operations may cause or contribute to modern slavery is minimal, given that our workforce is largely skilled and experienced. In addition, our integrated approach to human rights, our commitment to providing a safe, fair, and respectful workplace and our robust human resources policies and procedures support the protection of human rights.

We have a comprehensive suite of corporate responsibility policies, including policies on equal employment opportunity, diversity, discrimination, harassment, health and safety, conflicts of interest and code of conduct (the "Code"). All of these policies are contained in our employee handbook. On an annual basis, our employees are required to acknowledge familiarity with and adherence to the Code. Birch Hill's employees are encouraged to report violations of our policies to either our Chief Operating Officer, or Birch Hill's confidential and anonymous, third-party administered, 24-hour Employee Hotline.

Birch Hill views corporate culture as a cornerstone underpinning all our sustainability-related efforts. Ensuring that employees are engaged and working with purpose is critical to the success of a company. We assess our corporate culture and that of our portfolio companies through the periodic use of a culture survey tool, the results of which are used to maintain and improve our culture going forward.

Birch Hill has not identified any risks of forced or child labour in its activities and operations.

Our Supply Chain Risk

As an investment manager, we typically do not import goods directly. Effectively, all the goods and services we procure are purchased from Canadian suppliers; therefore, the overall risk of our procurement contributing to modern slavery is minimal. The goods and services we purchase, including but not limited to professional services (i.e., accountants, legal, consultants, etc.), travel and entertainment, information technology services, and general office expenditures, are sourced from a range of third parties located in Canada. In select circumstances, we procure tangible goods for distribution, such as promotional and branded items, none of which are considered material under the Canadian Act.

Birch Hill has not identified any risks of forced or child labour in our supply chains or in any of the supply chains of our suppliers.

Our Portfolio Investments

Birch Hill is often the controlling shareholder in its portfolio companies and, for each investment, will exercise significant influence through positions on the boards of directors as well as via contractual governance rights. Birch Hill requires the companies it controls to adopt policies and practices that enhance positive corporate conduct and long-term business and financial performance.

As responsible investors and UNPRI signatories, we continuously seek to influence and support our portfolio companies to undertake steps to mitigate the risk of any modern slavery which may exist in their operations and supply chains.



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Birch Hill requires the companies it controls to (i) have policies and due diligence processes in relation to working conditions and human rights in place, (ii) assess and manage risks of forced and child labour in their operations and supply chains, and where forced and child labour are identified, to eliminate these instances, and (iii) maintain ongoing reviews of their policies and processes to continually assess their effectiveness.

Additionally, Birch Hill strongly encourages the companies in which it invests but does not control to be similarly committed to taking steps to identify and prevent modern slavery or human trafficking in any part of their businesses or supply chains.

Our portfolio companies are diverse in their nature and their supply chain risks vary, as do the companies' approaches to managing these risks. The following chart summarizes the business activities of the portfolio companies that we control and that have reporting obligations under the Canadian Act. Further information can be obtained from the individual websites of each company.

Portfolio Company	Description	Operations	Number of Employees
CCM Hockey	Headquartered in Montreal, Québec, a designer, importer, manufacturer and marketer of hockey equipment and related apparel.	Imports goods produced primarily in China, Taiwan, Vietnam, and Cambodia and has distribution and manufacturing operations in Canada and distribution operations in the United States and Europe.	Canada: ~ 325 U.S.: ~ 20 Europe: ~ 85 Asia: ~ 20
Citron Hygiene	Headquartered in Toronto, Ontario, a fixed-route logistics business that provides washroom and workplace hygiene services and products to commercial facilities.	Imports goods from North American and European sources, for resale or used to provide hygiene services through locations across Canada, the United States, and the United Kingdom.	Canada: ~ 200 U.S.: ~ 75 U.K.: ~ 275
ERCO Worldwide	Headquartered in Mississauga, Ontario, a manufacturer and provider of specialized inorganic industrial chemicals, including sodium chlorate, sodium chlorite and chlor-alkali products. Developer and supplier of chlorine dioxide technology to the pulp and paper and water treatment industries, among others.	Imports raw materials and supplies from suppliers globally, to be used in manufacturing facilities in Canada, the United States and Chile.	Canada: ~ 365 U.S.: ~ 170 Chile: ~ 40
Motion	Headquartered in Toronto, Ontario, a provider of complex and customized mobility and home accessibility solutions.	Imports equipment and parts primarily from North American suppliers to assemble and deliver accessibility solutions to communities in Alberta, British Columbia, Manitoba, Ontario, and Saskatchewan.	Canada: ~ 700
Polycor	Headquartered in Québec City, Québec, a vertically integrated dimensional stone manufacturer operating natural stone quarries, fabrication facilities and retail store locations for use in interior and exterior architectural applications.	Imports equipment, supplies, and parts from primarily North American and European suppliers for use in plant locations in Ontario, Québec, the United States and France, and retail outlets in the United States.	Canada: ~410 U.S.: ~ 815 France: ~ 165
Terrapure Environmental	Headquartered in Mississauga, Ontario, a recycler of spent lead acid batteries; batteries are collected, sorted, crushed, and broken apart. The recovered components are sold to the battery manufacturing industry for reuse.	Imports equipment, parts, and supplies from primarily North American sources for use in manufacturing plants in Ontario and Québec.	Canada: ~ 330

All our portfolio companies have their head offices in North America; approximately 80% operate solely in Canada and the United States, while the remaining 20% have operations in Europe, primarily in the United Kingdom and Sweden. The locations of the operations and suppliers of most of Birch Hill's portfolio companies are considered to have a low prevalence of modern slavery, according to Walk Free's Global Slavery Index 2023 ("GSI"). We are aware that several of the companies we invest in have operations and/or supply chains based outside of North America and Europe, including in countries that have a higher estimated prevalence of modern slavery according to the GSI.



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Our portfolio companies are encouraged to uphold the highest standards of legal and ethical conduct and are required to develop a publicly available supplier code of conduct that reflects international standards, such as the ILO international labour standards (covering child labour, forced labour, trade union rights and equal opportunities), health and safety policies, positive working conditions and the provision of a living wage.

All our portfolio companies maintain codes of conduct covering conflicts of interest, ethics and health and safety. Furthermore, several portfolio companies with material supply needs have implemented responsible procurement and human rights policies.

As mentioned above, we use a culture survey tool to measure the health of our portfolio company corporate culture. During 2023, we completed three surveys across our portfolio and plan to use the results of the survey to implement labour and culture-related improvements in our companies.

For the 2023 financial year, each portfolio company required to file a report under the Canadian Act will submit its statement. In completing their individual statements, all our portfolio companies mapped their respective supply chains and for material suppliers assessed the suppliers' risks of modern slavery, using criteria such as country of origin, industry and sector, business model and supplier track record. After completing the risk assessments, the portfolio companies determined their respective levels of due diligence to complete. For example, several portfolio companies, while performing a quality control audit of their higher risk Tier 1 manufacturing suppliers' facility, included a review of the manufacturing plant working conditions for evidence of forced or child labour. Other portfolio companies with lower risk in their operations and supply chains requested that their suppliers complete a questionnaire regarding their respective forced labour or child labour practices.

Birch Hill is not aware of any forced labour, child labour or human trafficking incidents in our portfolio company supply chains and operations.

Section 3: Remediation Measures

Given that Birch Hill has not identified any instances of child or forced labour in its own supply chains and operations or in those of its portfolio companies, no steps were undertaken to eliminate the use of forced or child labour. As such, Birch Hill has not identified any loss of income to the most vulnerable families resulting from any measures taken to eliminate the use of child or forced labour.

Section 4: Birch Hill's Commitments for 2024

This being our inaugural report on modern slavery, we envision evolving our practices as they relate to modern slavery and human rights. We will continue to monitor our supply chain and portfolio in relation to slavery and human trafficking through our regular reviews of our own suppliers and reviews of our portfolio company activities.

All potential new investment opportunities that reach an advanced stage in our investment process, in addition to the customary comprehensive legal and financial due diligence, are subject to a review of their potential ESG risks (including human rights abuses such as unlawful child and forced labour and slavery) and opportunities. Key findings from this review are considered in the overall investment decision. In 2024, in addition to the Sustainability Team's regular reviews of Birch Hill's labour and human rights policies, we will increase our efforts in assessing the effectiveness of ensuring that forced labour and child labour are not being used in our activities and supply chains, or in those of our portfolio companies.

In addition, we plan to implement responsible sourcing and human trafficking policies at Birch Hill and will strongly encourage our portfolio companies to do the same. The Code is currently under review for amendments pertaining to Birch Hill's commitment to preventing the risk of, and eradicating in its activities and supply chains, forced and child labour.



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Finally, we are committing to introducing training programs during 2024 at Birch Hill and within our portfolio companies on our obligations and responsibilities to mitigate modern slavery risk in our businesses and supply chains.

Section 5: Signed Attestation

This statement was approved by the Board of Directors of Birch Hill Equity Partners Management Inc. on May 10, 2024.

In accordance with the requirements of the Canadian Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in this 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 Canadian Act, for the reporting year listed above.

I have the authority to bind Birch Hill Equity Partners Management Inc.

Pierre Schuurmans

Pierre Schuurmans
Partner and Chief Operating Officer
Birch Hill Equity Partners Management Inc.