



Convertus™

Closing the Loop for a Better Future

Forced Labour and
Child Labour Report
2023



Introduction

As a prominent leader in the organic waste industry with operations across Canada, the U.S., and Europe, Convertus Group actively contributes to the promotion of human rights and ethical business practices. As such, we are committed to providing a work environment free from any violation of human rights that exploits a person(s) for personal or commercial gain such as slavery, servitude, forced compulsory labour and human trafficking.

This issue of modern slavery persists within the global supply chains of businesses, posing a risk that goods imported and distributed in our operating countries were produced under such conditions. It is therefore imperative for global businesses, such as ourselves, to take proactive measures to identify and eliminate the risk of these practices existing in our supply chains. Convertus Group has a zero-tolerance approach to modern slavery, and we expect the same high standards from all of our customers, contractors, suppliers and other business partners.

Reporting

Convertus Group North America Holding Inc. (“CGNAH”) consists of privately owned companies that are subject to the legal requirements outlined in Section 11 of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*. This report was prepared in accordance with the Act and was approved by the Chief Executive Officer on May 24, 2024.

For the purposes of the Act, the reporting entities covered in this report include operations, major projects and assets that have been wholly owned and/or operated by CGNAH from January 1st to December 31st, 2023.

This Report is filed jointly by Convertus Group on behalf of itself and the following subsidiaries: Convertus Group North America Holding Inc. (Parent Company of CGNAH), Convertus Canada Ltd. & Subsidiary Companies (Subsidiary of CGNAH), Envirem Organics & Subsidiary Companies (Subsidiary of CGNAH).

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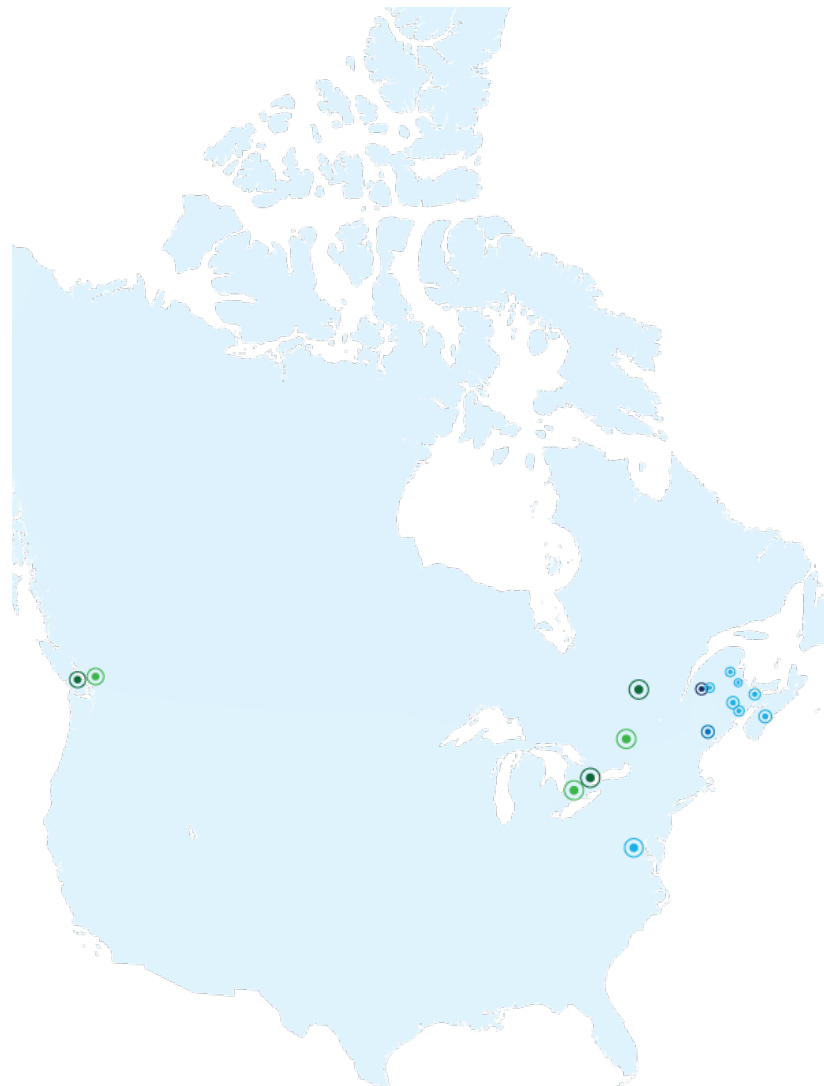
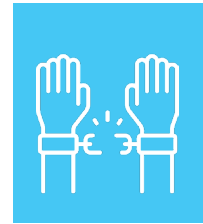


Figure 1: Map of Convertus Group North American Holding Inc. Assets



Our Structure and Supply Chain

(Section 11 (3)(a))

Structure

Convertus Group was created in 2019 by combining our Canadian operations company, Convertus Canada Ltd. (“CCL”) and our Dutch engineering division, Waste Treatment Technologies (WTT), with the vision of becoming Canada’s largest and most advanced organic waste operator in North America. As a full-cycle service provider for the treatment and processing of organic waste, we partner with communities to design, build, operate and service state-of-the-art organic waste treatment facilities around the world. As a group, we process more than 580,000 tonnes of residential organic waste annually and have built over 150 waste treatment facilities worldwide, incorporating a variety of technologies to address the complex waste streams of our customers.

Headquartered in London, Ontario, Convertus currently employs 235 employees across Canada and 295 employees worldwide. The operations division includes 11 organic waste processing facilities across Canada and 2 in the United States, including the most recently acquired facility in 2024, Manassas, Virginia. These facilities process organic waste for some of Canada’s largest municipalities, including but not limited to, Region of York, the City of Ottawa, the City of Surrey, the Regional District of Nanaimo, and the City of Fredericton.

Supply Chain

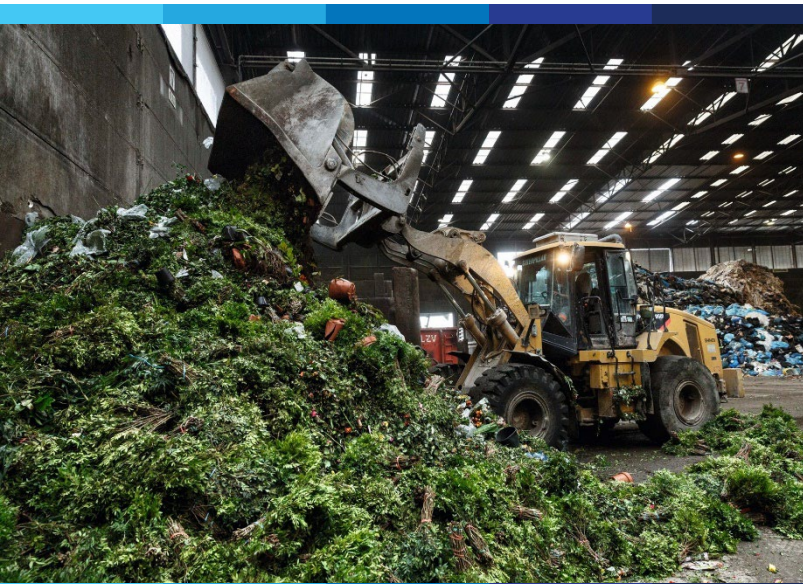
Our suppliers play a key role in our ability to fulfill our mission to close the loop for a better future. In pursuit of this, we focus on working with suppliers, agents, and consultants, who are willing to uphold our core values.

In converting organic waste into usable products, our main supply chain activities include:

- waste collection and transportation
- processing within Convertus operational facilities
- end product distribution (i.e., compost, NASM, fertilizer, RNG)
- equipment and technology providers
- contractors and consultants for construction and/or engineering.

In the CGNAH supply chain, the waste collection and transportation are managed through contracts with municipalities in Canada and the US, with a smaller portion sourced from Institutional, Commercial, and Industrial (ICI) customers. At Convertus facilities, specialized equipment is used to process these materials into NASM, compost, fertilizer, or RNG, which are then sold to agricultural partners, while any non-organics are separated for disposal.

To service and maintain our equipment, we contract local equipment and technology providers for tasks that cannot be performed internally. Most of our equipment is supplied by our technology partner, WTT. Similarly, major construction projects involve locally-based consultants for construction and/or engineering





Policies and Protections

(Section 11 (3)(b and c))

Governance and Responsibilities

The Convertus Executive Team meets quarterly with the Board, which is responsible for overseeing the effectiveness of Convertus' risk management protocols and internal controls. Our process ensures that the Board remains well-informed about the interrelationship between the operational environment and its associated risks, fostering informed decision-making and proactive risk mitigation strategies.

Code of Conduct

Convertus' Code of Conduct reflects our core values of Care, One Team, and Creativity. It outlines the principles that guide our behaviour and the standards we expect of ourselves and our colleagues. Applicable to all employees, agency workers, volunteers, contractors, external consultants, third-party representatives and business representatives, the Code upholds Convertus' commitment to maintaining the highest ethical standards across all facets of our operations. While it does not specifically address forced labour and child labour, the Code reinforces Convertus' dedication to upholding the utmost ethical standards among all individuals representing the Company.

Specifically, the Code of Conduct addresses areas such as diversity and inclusion, anti-harassment, conflicts of interest, use of company information and assets, anti-corruption and bribery, and the reporting of any illegal or unethical behaviour.

Other Policies

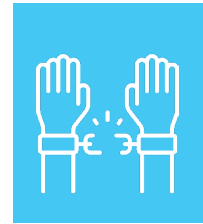
As a newly expanded company, Convertus dedicated 2023 to developing foundational processes to ensure operational efficiency. During this time, we conducted a high-level review of our organization to identify any additional policies and procedures needed in 2024 to address the prevention and mitigation of forced labour and child labour. These include:

- **Supplier Code of Conduct** to outline expectations regarding compliance with laws and ethical standards, human rights, health and safety and environment.
- **Procurement Policy** to ensure goods or services being purchased are part of a competitive process that meets our ethical standards.
- **Acknowledgement Forms for Staffing Agencies** to ensure that the agency does not traffic persons or use any form of slave, forced, student, or child labour.

Expectations on Reporting Violations

Our employees have a duty to report in good faith any actual or potential breaches of our policies and/or our legal requirements, including those concerning forced labour and child labour, so that they can be addressed appropriately.

We take every report seriously and provide immunity from disciplinary action for good faith reporting of incidents and issues. Employees have several avenues to report an issue depending on the nature of the incident.



Assessing and Managing Risk

(Section 11 (3)(c), Subsection 11(1))

Risk Exposure

In 2023, we conducted a high-level review to identify, address and prohibit the use of forced labour and child labour within our business and supply chains.

Convertus operates its primary supply chain activities in regions classified as low-risk jurisdictions for forced labour and child labour. This was determined by employing the Conflict-Affected and High-Risk Area (CAHRA) tool, which measures countries on the prevalence of conflict, corruption and shortcomings in human and labour rights.

Workforce Analysis

The majority of our workforce is employed or contracted in Canada, and the U.S., consisting of office staff and skilled workers, which include both unionized and non-unionized personnel. As a company committed to upholding Living Wage standards, we strive to provide compensation and benefits that meet or exceed industry standards. While our legacy sites are certified, our newly acquired sites are actively progressing towards it. We continuously assess our compensation structures to uphold pay equity and align with market benchmarks, significantly reducing any risk of forced and child labour in our operations.

Our recruitment processes adhere to all relevant federal and provincial labour laws in the countries that we operate, including those related to human rights and child labour. During the screening process, all new hires are required to demonstrate eligibility to work in the country, proof of age, and employment history. This is also required for temporary staffing agencies we employ. Our employment is entirely voluntary, and standard working hours do not exceed 44 hours a week for all sites.

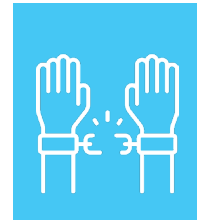
By adhering to these practices, Convertus effectively mitigates the risk of forced or child labour within our workforce.

Within our Supply Chains

As a sustainability-focused business committed to minimizing environmental impact, our operations primarily source goods from within Canada, the US, or Europe (particularly the Netherlands), while limiting imports from other regions. We recognize that sub-contractors of our direct suppliers, (second- and third-level suppliers) present a greater risk potential for forced and child labour than our direct suppliers with whom we have a contractual relationship. For this reason, we exercise caution and thoroughness in our supplier selection and will be integrating additional due diligence measures as part of our efforts to continually improve our responsible sourcing strategy.

Any direct suppliers of goods (i.e., equipment, maintenance and repair supplies, utilities, personal protective equipment, etc.) located in areas identified as moderate or high-risk using the CAHRA tool are reviewed in detail by our Procurement Team. Higher-risk goods currently flagged include electronics, construction materials, office supplies, and office devices and accessories, though they constitute a small portion of our goods expenditures.





Steps Taken to Address Risk

(Section 11 (3)(d and e) Subsection 11(1))

Remediation

In the financial year ending December 31, 2023, Convertus did not uncover any instances of forced labour or child labour being utilized. We therefore have not taken any remediation measures or remediation of loss of income to families as a result of forced labour or child labour.

In upholding our commitment to ethical practices, we have taken the following steps to proactively prevent and reduce the risk of forced and child labour in our operations and supply chain:

Within Operations

- Reviewed existing policies to ensure they uphold our commitment to human and indigenous rights, including operating in a socially and environmentally responsible manner.
- Outlined specific action items to address identified risks including developing policies to explicitly prohibit forced labour and child labour within our operations and developing training programs for employees to raise awareness about the risk of forced labour and child labour.
- Discussing the Act and its requirements with the Executive team to raise awareness of our broader human rights policies and processes and secure commitment to addressing the identified risks.

Within Supply Chains

- Outlined specific action items to address identified risks. These include developing and implementing contractual clauses for our direct suppliers, developing a Supplier Code of Conduct and implementing more rigorous vetting processes.
- Asking suppliers specific questions related to forced labour.

Training

(Section 11 (3)(f))

In 2023, forced labour and child labour training at Convertus focused on awareness-raising initiatives. Directors and Executive members were provided with an overview of the new legislation and its requirements. To further enhance our foundational knowledge, we consulted legal experts to improve our baseline knowledge and understanding of the topic generally. Furthermore, our Director of Finance, primarily responsible for procurement within CGNAH, participated in targeted training for the new legislation, ensuring a thorough grasp of its implications within our procurement. These efforts have been aimed at continuously improving the effectiveness of our practices going forward.

Looking ahead, we are committed to further advancing our training programs and solidifying best practices into policy throughout 2024.

Assessing Effectiveness

(Section 11 (3)(g))

In 2023, Convertus introduced measures to mitigate the risk of forced labour and child labour within our operations and supply chains. However, we have not conducted an evaluation to assess the effectiveness of these measures.

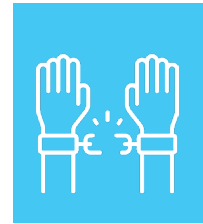
Attestation

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 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.



Michael Leopold
Chief Executive Officer
May 24, 2024

I have authority to bind Convertus Group North America Holding Inc. and group of companies as listed in Note 1



Note 1

(Group of Companies)

Convertus Group North America Holding Inc.
Convertus Canada Ltd.
Convertus Design-Builder General Partner Ltd.
Convertus Design-Builder Limited Partnership
Convertus Surrey Limited Partnership
Convertus Surrey General Partner Ltd.
Convertus Group (York) Land Holdings Ltd.
Convertus York Biofuel Ltd.
Circular Waste British Columbia Inc.
WTT Holding B.V.
WTT Waste Treatment Technologies Canada Ltd.
Envirem Organics Inc.
Nutritec Inc.
653277 NB Inc.
Envirem Organics Ltd.