

Equicapita
Canada's Modern Slavery Act Report
For the year ended December 31, 2023

Introduction

Equicapita (Equicapita Income Trust and Equicapita Income LP, combined "Equicapita") is a Calgary-based investment company focused on private-equity investment in the Canadian marketplace.

This report constitutes the first report prepared by Equicapita pursuant to the Canadian *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "Act"). The following information represents a joint report of Equicapita and its affiliated entities as outlined below (together, the "Reporting Entities") for the financial year ended December 31, 2023 (the "Reporting Period").

Equicapita is committed to respecting human rights across our business operations in accordance with the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work. During the Reporting Period, the Reporting Entities did not have formal processes in place to prevent or reduce forced labour and/or child labour in its supply chain, however, Equicapita was not aware of any child labour, forced labour or other abusive or unsafe working conditions, in the Reporting Entities supply chains, in the Reporting Period.

1. Structure, Activities and Supply Chains

Equicapita was founded in 2013 to access the emerging SME buyout investment thesis. It has successfully partnered with management teams in multiple transactions and continues to grow both the number and scale of portfolio companies.

Head office for group administrative and leadership operations is located at Suite 300, 4954 Richard Road SW, Calgary, Alberta. In total, Equicapita, the business, employs 18 permanent staff. It is estimated that Equicapita's portfolio companies employ approximately 1,200 people working on a full-time equivalent basis.

From an operational perspective, all staff in all ownership and operational entities are located in Canada and the United States, countries considered to be low risk of forced labour and child labour incidences and vulnerability. An individual's performance and compensation are reviewed annually with management personnel to ensure employee retention and that Equicapita portfolio companies continue to be viewed in the industry as fair and desirable employers.

Equicapita's majority owned and affiliated entities, the Reporting Entities, include the following:

Ownership and Management Service Entities	Operational Entities
Equicapita Income Trust	A&R Metal Industries Ltd.
Equicapita Income LP and GP	ESP Salon Sales Inc.
Equicapita Investment Corp.	Hallmark Dental Laboratory Limited
Equicapita Services LP and GP	I-XL Building Products Inc.

Ownership and Management Service Entities	Operational Entities
Omnigence Corp.	Levy's Machine Works Ltd.
Corpus Partners GP and LP	The Master Mechanic Inc.
Averine Partners GP and LP	Master Mechanic Limited
Offset GP and LP	Metercor Inc.
Perceptos Partners GP and LP	Metercor US Inc.
Varistream Partners GP and LP	Metro Testing & Engineering Ltd.
Canadian Dental Laboratory Limited Partnership and GP	McIntyre Associates Software Ltd.
2181376 Alberta Ltd.	Metro Testing & Engineering Ltd. - Western Geotechnical Consultants Ltd.
Equicapita Employee Share Plan Ltd.	Nutters Bulk and Natural Foods Inc.
Equicapita Income (NR) L.P.	Protec Dental Laboratories (2021) Inc.
	Shaw Dental Laboratory Inc.
	Best Value Ceramics Inc.
	Smitty's Canada Inc.
	2431003 Alberta Ltd.
	Visage Cosmetics Limited
	CBV Cosmetics Limited
	Caryl Baker Visage Cosmetics Ltd.
	Wingenback Ltd.

While some sector targeting is purposeful in the Equicapita portfolio (e.g. dental and beauty and wellness industries), the commonality of portfolio companies is excellent management teams and Equicapita's majority ownership. Operating portfolio companies, and their key activities, are described below:

A&R Metal Industries Ltd. was founded in 1969 and is based in Richmond, British Columbia. A&R is a leading manufacturer of high-quality metal parts used in the automotive, commercial finishings & architecture, exhaust & filtration, construction & agriculture, and safety industries.

ESP Salon Sales Inc. was founded in 1990 and is headquartered in Saskatoon, Saskatchewan, with 7 additional locations across Canada. ESP is a leading wholesale distributor of hair and beauty products to professional stylists and salons across five provinces with over 4,000 active customers, best in class suppliers and approximately 100 employees.

Founded in 1981 and based in Halifax, Hallmark Dental Laboratory Limited is the largest dental laboratory in Atlantic Canada serving greater than 500 dentists with a long-standing reputation of technical leadership, customer service and education.

Founded in 1983, I-XL Building Products Inc. is one of the largest importers and distributors of brick, stone and building products in Canada with roots dating back to 1912. With a focus on premier products from around the world, I-XL offers customers one of the most comprehensive selections of building envelope products available.

Located in Calgary, Levy's Machine Works Ltd. was founded in 1980 and is a custom design and specialty manufacturing company that services a diverse customer base in the energy, electronics, medical, agriculture, aviation and instrumentation sectors.

Founded in 1982, The Master Mechanic Inc. is one of the leading franchisors of aftermarket automotive maintenance and repair service centers in Ontario. With 39 locations located throughout Ontario, Master Mechanic has established enduring franchisee relationships and a reputation for outstanding customer service.

Metercor Inc. was founded in 1997 and is one of Canada's leading utility meter solutions (sales, installation, and service) providers focusing on water and natural gas. The Calgary headquartered company also services the emerging electricity smart metering market.

Metro Testing & Engineering Ltd. was founded in 1987 and is headquartered in Burnaby, British Columbia. Metro is an engineering and materials testing company with 250 employees. Metro's diverse and fully integrated offering make them a key partner on many of the country's largest infrastructure projects.

Founded in 1982 and headquartered in Medicine Hat, Alberta, Nutter's Bulk and Natural Foods Inc. is a retailer, franchisor, and packager of vitamins and natural foods. With 23 stores (11 corporate and 12 franchised) located throughout Western Canada and 150 employees, Nutter's has developed a successful business model that attracts loyal customers, top quality staff, entrepreneurial franchisees and suppliers of unique natural personal care, health, and organic products.

Founded in 1983 and based in Vancouver, Protec Dental Laboratories (2021) Inc. is the leading dental laboratory in British Columbia. Protec serves over 2,500 dentists across Canada and is considered a Canadian market leader in dental lab technology including 3D printing and digital scanning.

Founded in 1944, Shaw Dental Laboratory Inc. is the leading network of dental laboratories in Ontario, with locations in Toronto, London, Ottawa and Kingston. Shaw Lab Group, whose diverse customer base includes over 1,500 dentists, has an established reputation for technical leadership and outstanding customer service.

Smitty's Canada Inc. was founded in 1960 and is headquartered in Calgary, Alberta. With 85 locations across Canada (81 franchise locations and 1 corporate location), Smitty's is one of Canada's largest family restaurant chains. Smitty's has developed a long-term sustainable business model that attracts loyal customers, entrepreneurial franchisees, and has a strong supplier and franchise support system.

Founded in 1969, Visage Cosmetics Limited is the leading franchisor of retail beauty and cosmetics services and products in Ontario. With 31 locations throughout Ontario and one in Alberta, Visage Cosmetics has established enduring franchisee relationships and a reputation for outstanding guest service.

Founded in 1975, Wingenback Ltd. is one of Canada's premier industrial and commercial logistics businesses. Wingenback provides businesses and organizations across Canada with premier solutions in ATM-related products, high-end industrial moving and project management services. Wingenback serves

a broad span of industries with roots in the financial and banking sector. Wingenback has five divisions that service Canada with their head office in Calgary, Alberta.

Equipment utilized to facilitate the various production processes in manufacturing, solutions and logistics related entities is sourced from a broad range of both domestic vendors and international vendors, who manufacture or source their resale products from a variety of domestic and international vendors. Resale goods entities generally source their products from internationally based vendors who source their goods, or components of their goods, from a wide geographic array of providers. Dental industry participants generally source a significant portion of dental treatment components and devices from international vendors, with India and China being key sourcing geographies.

The Reporting Entities are not generally able to exert a high level of influence over suppliers of key materials or equipment. The Reporting Entities combined supply chain is comprised of thousands of large and small vendors. The Reporting Entities have over 4000 trade and service provider vendors, approximately 260 of which each spend over \$100 thousand per annum, representing over 70% of the fiscal 2023 expenditure completed with non affiliated trade vendors.

2. Policies and its due diligence processes in relation to forced labour and child labour.

Modern Slavery is identified by the International Labour Organization (ILO) as an umbrella term covering practices such as forced labour, debt bondage, forced marriage, child labour and human trafficking. Essentially, it refers to situations of exploitation that a person cannot refuse or leave employment because of threats, violence, coercion, deception, and/or abuse of power.

Due to the nature of activities, the Reporting Entities are aware that modern slavery risks may possibly exist within its combined supply chain and has commenced the implementation of due diligence processes to identify and address these risks through mitigation procedures. Its due diligence process is generally based on the principles as outlined in the OECD Due Diligence Guidance for Responsible Business Conduct and includes the following:

- a. The Reporting Entities have committed to understanding and endeavoring to mitigate the risks of modern slavery within the combined supply chain.
- b. Risk Assessment: The Reporting Entities will endeavour to conduct a risk assessment of new and existing direct suppliers to identify potential modern slavery risks or other human rights violations. This may include reviewing internet articles and reference materials and any modern slavery act statements submitted in Canada or other jurisdictions (e.g. Australia, the UK, California). Reference sources include information from authorities such as the U.S. government, NGOs and industry partners such as ILO Better Work, and The Institute for Human Rights and Business or industry bodies.
- c. Supplier Engagement: The Reporting Entities will endeavor to engage with direct suppliers to communicate expectations and requirements regarding modern slavery risks. This may include the communication and acknowledgement of a Vendor Code of Conduct.
- d. Remediation: The Reporting Entities will endeavor to work with direct suppliers to address any identified risks.

- e. Monitoring: The Reporting Entities will endeavor to monitor direct suppliers' compliance with policies.
- f. Disclosure and Communication: The Reporting Entities will endeavor to report on findings and activities regarding modern slavery risks to the Board of Directors of Equicapita Income GP and seek to implement continuous improvement diligence policies and processes.

The Reporting Entities will not tolerate the use of forced/child labour in supply chains.

Pertaining directly to point b. above, supplier risk assessment will be conducted based on consideration of four parameters:

- risk relating to the nature of the supplier's activity;
- risk relating to the country in which the supplier carries out its main activities (as evidenced by risk mapping work);
- the Reporting Entities current and anticipated spend with the supplier; and
- the Reporting Entities dependency on the supplier.

The combination of the four selected criteria leads to the identification of the most critical suppliers to which the Reporting Entities are exposed in their supply chains, who will be prioritised in the implementation of further assessment and monitoring measures.

3. The parts of its business and supply chains that carry a risk of forced labour or child labour being used and the steps it has taken to assess and manage that risk.

The Reporting Entities conduct manufacturing and service operations strictly within Canada, sourcing manufacturing inputs directly from continental providers. Canada and the USA have both been rated by the Walk-Free Global Slavery Index as low risk for incidences and vulnerability related to forced labour (source: Global Slavery Index 2023).

Some of the equipment, production materials or resale products the Reporting Entities source, however, originate from international suppliers, notably from suppliers conducting operations in higher risk countries, as identified by the Walk Free Global Slavery Index. To better identify and understand the exposure to risks of modern slavery, the Reporting Entities have, to the extent possible, mapped the operational areas of its key tier 1 suppliers, as well as the operational locations of the suppliers to those suppliers (i.e. tier 2 suppliers).

The Reporting Entities understand that supply chains reaching back to the resources extraction sector as related to mining for the components of steel and other metals, may be broadly considered a high-risk industry due to the risks relating to the geographies in which such businesses or their supply chains operate. Risks, for example, relate to:

- the presence of militias, criminal organisations and corrupt governments in countries that are conflict affected or prone to instability;
- the demand for base-skill workers in construction of infrastructure;

- frequent outsourcing of labour to third party contractors;
- low visibility over multi-tiered supply chains; and
- chartering and contracting sea transport, which is a known high-risk sector.

(Source: Resources, Energy and Modern Slavery, author the Australian Human Rights Commission)

For this reason, the Reporting Entities will endeavor to develop diligence processes as outlined in the previous section and will endeavor to develop remediation processes and monitoring mechanisms. These steps may include improved communication avenues with tier 1 vendors and an effort to investigate deeper into the supply chains.

4. Measures taken to remediate any forced labour or child labour.

After due diligence in completing this report, the Reporting Entities are not currently aware of any forced labour or child labour transgressions. Moving forward, the Reporting Entities will endeavor to develop response policies to ensure they are ready to react and remediate should incidences of forced or child labour be identified.

Policies and practices to identify and remediate forced labour incidents may include the following:

- the institution of grievance mechanisms;
- directed communications and actions to remediate transgression practices; and
- policies intended to prevent recurrence.

5. Measures taken 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 its activities and supply chains.

To date, the Reporting Entities, after diligence completed to submit this report, are not aware of instances of child labour or forced labour in their supply chains. It thus follows that the Reporting Entities have not been able to identify any instances of income loss of vulnerable families that result from measures taken to eliminate the use of forced labour or child labour in its supply chains.

6. Training provided to employees on forced labour and child labour.

The Reporting Entities did not offer any formal training to employees on the issues of forced labour and child labour during the Reporting Period. However, the Reporting Entities will endeavor to provide training for key leadership personnel and procurement teams to heighten awareness of modern slavery and to enhance awareness of how to mitigate modern slavery risks, as well as to promote understanding of internal due diligence processes.

7. Effectiveness in ensuring that forced labour and child labour are not being used in its business and supply chains.

As of the Reporting Period, no actions have been taken to formally assess the effectiveness of measures taken to date.

Performance Indicators

The Reporting Entities are in the process of designing a program to endeavor to measure effectiveness in making progress in efforts to combat modern slavery. The Reporting Entities will endeavor to track key performance indicators, which may include:

- The % of annual total system expenditure of the global Tier 1 supply chain investigated (risk mapped).
- The number of suppliers who have acknowledged the Vendor Code of Conduct.
- The number of key suppliers who have instituted Supplier Codes of Conduct.
- The number of reported incidents of modern slavery by tier 1 vendors submitting modern slavery act reports.

The Reporting Entities will endeavor to use performance indicators to identify areas that require improvement. Additionally, the Reporting Entities will endeavour to review policies and procedures related to forced labour and child labour.

Conclusion and Approval

The Reporting Entities will endeavor to regularly assess progress and identify areas of improvement.

This report has been approved by the Board of Directors of Equicapita Income GP, the Administrator of Equicapita Income Trust and the General Partner of Equicapita Income LP pursuant to subparagraph 11 (4)(b)(ii) 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 Reporting 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 Period.

I make the above attestation in my capacity as a director of the board of Equicapita Income GP Inc. for and on behalf of the board of Equicapita Income GP Inc, administrator of Equicapita Income Trust and General Partner of Equicapita Income LP.

Stephen Johnston “signed”

Director

May 31, 2024

I have the authority to bind Equicapita Income LP and Equicapita Income Trust