

The Fighting Against Forced Labour and Child Labour in Supply Chains Act (Canada), Fiscal Year 2023

Introduction

The Fighting Against Forced Labour and Child Labour in Supply Chains Act (Canada) (the "Act") requires that businesses state the actions they have taken during the fiscal year to prevent and reduce the risk of forced labour or child labour within their operations and supply chains. This report is for FirstService Corporation ("FirstService" or the "Company") and its subsidiaries for the fiscal year ended December 31, 2023.

FirstService is a property services business, with operations and employees throughout the United States and Canada. We hold ourselves, our employees, our contractors, and our suppliers to high standards of business integrity and ethical conduct. Our [Human Rights Policy](#) applies to all entities FirstService owns and controls, and we're committed to working with our key stakeholders, including franchisees and suppliers, to uphold the principles in this policy, including expressly prohibiting the use of all forms of forced labour.

Steps Taken to Reduce the Risk of Forced Labour or Child Labour

We took the following measures to reduce the risk of forced labour or child labour in our activities and supply chains:

1. Employees reviewed and re-affirmed FirstService's [Ethics and Conduct Policy](#), agreeing to conduct themselves with the highest ethical standards, never conduct or condone business in a corrupt manner, and comply at all times with government laws and regulations in the conduct of business at home and abroad.
2. Employees were reminded of [FirstLine](#), FirstService's anonymous ethics hotline, where they can report concerns relating to any fraudulent or illegal activities, or violations of our Ethics and Conduct Policy.
3. We reviewed the supply chains of select operating companies deemed to be at higher potential risk of encountering forced or child labour, focusing on businesses that import materials or supplies from other countries, particularly those with a relatively higher prevalence of forced or child labour according to the [Global Slavery Index](#). The majority of our supply chain is low risk, with materials sourced from either the United States or Canada.
4. We reviewed key supplier agreements, with the aim of standardizing the inclusion of contract language related to worker welfare, which, among other things, prohibits the use of forced, compulsory, bonded or indentured labour.
5. We reviewed hiring and onboarding processes for employees and subcontractors, ensuring collection of all required documentation, depending on the jurisdiction, to ensure prospective employees are eligible to work.
6. We conducted our first ESG materiality assessment and published our first ESG disclosure, identifying Human Capital Management and Health & Safety as Core ESG Factors, formalizing our long-held commitment to creating a strong, inclusive culture where employee health & safety is top priority.

FirstService Structure, Activities and Supply Chains

Structure & Activities

FirstService is a North American leader in the essential outsourced property services sector, serving its customers through two industry-leading service platforms: FirstService Residential, North America's largest manager of residential communities; and FirstService Brands, one of North America's largest providers of essential property services delivered through individually branded company-owned operations and franchise systems. Founded in 1989, FirstService is publicly listed on the Toronto Stock Exchange (TSX: FSV) and NASDAQ (NASDAQ: FSV). The Company is headquartered in Toronto at 1255 Bay Street, Suite 600, Toronto, Ontario, Canada M5R 2A9.

FirstService generates more than \$4.3 billion in annual revenues and has approximately 29,000 employees across North America. We are a service-oriented organization that relies on our service delivery, reputation and word-of-mouth referrals to drive growth. Our employees are our greatest asset, and our business depends on their commitment to delivering exceptional service each and every day.

FirstService is a decentralized company, relying on its operating partners and local management teams to make day-to-day frontline business decisions, including human resource management and supplier relations. The management teams are empowered to use their regional and industry knowledge to make decisions that are in the best interests of the Company, while rigorously upholding our high standards of business integrity and ethical conduct, as well as all US and Canadian labour laws.

FirstService's operating companies include: FirstService Residential, First Onsite Property Restoration, Paul Davis Restoration, Roofing Corp of America, Century Fire Protection, California Closets, CertaPro Painters, Floor Coverings International and Pillar to Post Home Inspectors.

Supply Chains

FirstService is a service company. As a result, labour represents a significant majority of our cost structure. For our operating companies with material non-labour inputs, we strive to source materials and product from organizations that have made public commitments to upholding responsible business practices similar to our own. The vast majority of our material and product is sourced in the United States or Canada.

Policies & Due Diligence Processes

Ethics and Conduct Policy

FirstService's [Ethics and Conduct Policy](#) guides employee behaviour in all of their business dealings. It requires, among other things, that they abide by the highest standards of honesty and integrity, comply at all times with government laws and regulations, ensure that their activities are free from any conflicts of interest, protect all confidential information, and, for those with financial reporting responsibilities, ensure full, fair, accurate, timely, and understandable disclosure of information.

Human Rights Policy

FirstService's [Human Rights Policy](#) is adapted from the United Nations Guiding Principles on Business and Human Rights, Children's Rights and Business Principles by UNICEF, and the UN Global Compact and Save the Children, along with applicable North American and local regulations. It reaffirms our commitments to: (i) respect the dignity and worth of all employees, (ii) to treat our employees with respect and fairness, (iii) not tolerate any form of harassment or discrimination, (iv) ensure compliance with all labour and employment laws, including those regulating wages, hours, overtime and benefits, and (v) prohibit the use of all forms of forced labour.

Ethics Hotline

[FirstLine](#) is FirstService's ethics hotline, which allows employees to anonymously report violations of our Code of Ethics, Human Rights Policy, or federal, provincial/state or local laws and regulations. It is operated by an independent third party that specializes in ethics and compliance reporting. All calls to FirstLine are documented and reported back to FirstService and the Audit Committee on a quarterly basis.

Enterprise Risk Management

The enterprise risk management ("ERM") process enables FirstService to identify and manage risk by bringing a systematic approach, and clear and understandable tools for evaluating key risks, including health and safety and regulatory compliance. Using our ERM framework, we can identify and prioritize risk management activities and develop an appropriate internal audit plan.

Risk of Forced or Child Labour and Steps We Have Taken to Mitigate that Risk

Among FirstService's employees and contractors, we believe the risk of forced or child labour is low. All of our employees are based in either the US or Canada, where the prevalence of forced or child labour is low, and our rigorous recruiting processes ensure compliance with all laws and regulations.

We are aware that there may be a risk of forced or child labour in certain isolated areas of our supply chains. Our tier one suppliers are primarily US and Canadian-based, and where possible we (i) source materials and supplies from organizations that have made public commitments to upholding responsible business practices similar to our own via codes of ethics or supplier codes of conduct, and (ii) embed worker welfare language into our supply contracts, which prohibits the use of forced, compulsory, bonded, or indentured labour.

We have limited visibility into the labour practices of suppliers further down our supply chain, from whom FirstService's own vendors have procured their product. In particular, California Closets and Century Fire Protection at times purchase materials from US and Canadian-based distributors, who have purchased those materials from manufacturers in, for example, China, Sri Lanka, or Thailand, where the prevalence of forced or child labour is relatively higher. These represent a very small fraction of our material purchases. We hold our tier-one suppliers to high standards of business conduct and ethics and expect them to do the same. While recognizing the risk, we are not aware of any instances of the use of forced or child labour in our supply chains.

Remediation of Forced or Child Labour

In the last fiscal year, FirstService has not identified any incident of forced labour or child labour in our business activities or supply chains. We therefore did not take any measures to remediate an incident of forced labour or child labour or remediate the loss of income to vulnerable families from eliminating forced labour or child labour. If in the future we do identify incidents of forced labour within our activities or supply chains, we will consider the appropriate remediation strategies in compliance with international standards.

Training

Our recruiting teams receive training on applicable labour laws and follow FirstService's procedures related to document collection and verification to ensure all of our employees are eligible to work.

While no training related specifically to forced or child labour is currently in place, FirstService is exploring training options for individuals making purchasing and contracting decisions.

Assessment of Effectiveness

FirstService monitors and tracks incidents reported to FirstLine to assess ongoing compliance with our Ethics and Conduct Policy.

We have not taken further measures to assess our effectiveness at reducing the risk of forced or child labour in our activities and supply chains, which we believe is minimal.

Approval and Attestation

This report was approved by FirstService's board of directors for the fiscal year ended December 31, 2023.

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.

/s/ Scott Patterson

D. Scott Patterson
Chief Executive Officer
May 29, 2024

I have the authority to bind FirstService Corporation.