



**GREENFOOT**  
ENERGY SOLUTIONS


# **FIGHTING AGAINST FORCED LABOUR & CHILD LABOUR IN SUPPLY CHAINS ACT**

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**ANNUAL REPORT**

Year Ended December 31, 2023

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## 1 OVERVIEW

The Fighting Against Forced Labour and Child Labour in Supply Chains Act (the “Act”) came into force on January 1, 2024, after receiving Royal Assent on May 11, 2023. The Act requires organizations in Canada that are producing, selling, or distributing goods in Canada or elsewhere, or importing goods produced outside of Canada, to disclose information regarding their policies to eradicate modern slavery from their supply chain and within its business.

Greenfoot Energy Solutions Inc. (the “Company” and/or “Greenfoot Energy Solutions” and/or “we”) is committed to upholding the highest standards of ethical conduct, human rights, and labour practices in all aspects of our operations. As part of our dedication to corporate social responsibility, we recognize the importance of combating modern slavery in all its forms. This report outlines the Company’s approach to addressing these and other issues within our supply chains and business operations.

## 2 ABOUT GREENFOOT ENERGY SOLUTIONS

Greenfoot Energy Solutions is one of the largest private corporations in the Atlantic Canada heating, insulation, and air-conditioning industry. We have 14 locations across Canada, supported by over 750 employees. The Company’s core business model centers on the development and distribution of energy-saving, environmentally friendly whole-home solutions, which we provide to our customers with the support of our Operations, Customer Experience, IT and Administration Departments. At present, the Company’s main focus is providing our products to residential consumers.

## 3 COMMITMENT

Greenfoot Energy Solutions is firmly opposed to modern slavery, forced labour and child labour, and any form of exploitation within our business operations and supply chains. We are committed to ensuring that modern slavery does not occur in any part of our business or in any of our supply chains.

## 4 SUPPLY CHAIN

Greenfoot Energy Solutions has suppliers from the United States, Taiwan and China which assist us in providing the quality products that our customers and partners expect. We source a wide range of products from across the globe, through various suppliers ranging from small family-run businesses to large multinational corporations. Each of our suppliers have their own distinct supply chains.

We expect our suppliers to meet our high standards, and we maintain consistent communication with suppliers to ensure a common understanding and a united front in our actions regarding corporate social responsibility, and particularly with respect to forced labour and child labour.



For future reporting periods, we will require all our suppliers and subcontractors to adhere to our Supply Chain and Procurement Policy (currently being developed), which will explicitly prohibit the use of forced labour, child labour and any form of modern slavery in any of our suppliers' and subcontractors' operations, including within their respective supply chains.

The Company is working to establish a set of procedures to reference when assessing any suppliers within our supply chain, including to assess whether any should be considered high risk. In developing these procedures, the Company will consult various reputable sources, including the following:

- the work of the Global Slavery Index, which identifies countries where there is a higher risk of exploited labour (<https://www.walkfree.org/global-slavery-index/>);
- the types of components and products being purchased directly or indirectly;
- the policies and procedures established by our large multinational supply partners; and
- feedback from suppliers collected through questionnaires.

At Greenfoot Energy Solutions, we are in the process of enhancing our tools, controls and processes to prevent and detect modern slavery at various stages in our operations, including the following:

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|---|--|
| <ul style="list-style-type: none"><li>• when selecting suppliers;</li><li>• when engaging with suppliers;</li></ul> | <ul style="list-style-type: none"><li>• when assessing suppliers; and</li><li>• when aiming for further developments</li></ul> |
|---|--|

Although the Company had controls in place during the 2023 year relating to vendor selection and ethical behaviour of employees, we did not have processes and controls in place that were tailored specifically to identifying, assessing, and remediating risks of forced labour or child labour. Throughout 2024, we plan to further develop and enhance our approach to purchasing to become a holistic external supplier due diligence process, as outlined in sections 6 and 7 below.

## 5 RISK ASSESSMENT

Greenfoot Energy Solutions applies a risk-based approach to our due diligence processes regarding modern slavery. For our risk assessment, we take into account the relevant products, components, packaging materials and service, product location and supply chain data. Our holistic approach combines financial, regulatory, operational, physical, and reputational risk and is part of our regular internal management dialogue.

Greenfoot Energy Solutions considers non-multinational international suppliers as the aspect of our business that carries the highest risk of forced labour or child labour. Should we identify any higher-risk suppliers, we would consider deeper verification



processes to assess compliance, which could include formal discussions with the supplier in question, physically inspections of their facilities and potential termination of the relationship if we are unable to obtain sufficient assurance of any suppliers' compliance.

The Company is creating an internal risk management team that will meet on a bi-annual basis to address various business risks, including the Company's management of the risks of forced labour and child labour.

## **6 SELECTION PROCESS**

Prior to 2023, the Company's Supply Chain and Procurement Policy was deficient in terms of direct inquiries around forced labour and child labour with respect to new potential suppliers. To address this, we are establishing a pre-assessment process to ensure each potential supplier:

- confirms that it is in compliance with applicable minimum wage legislation;
- confirms that it has established processes to identify and remediate areas having a high risk of forced labour or child labour within their organization or supply chain;
- confirms that it is not aware of any forced labour or child labour within its organization or supply chain; and
- confirms it is aware of and agrees to comply with our Supply Chain and Procurement Policy.

These revisions to our Supply Chain and Procurement Policy will aid Greenfoot Energy Solutions in carefully and purposefully selecting suppliers that align with our values. Suppliers to Greenfoot Energy Solutions are required to gain an understanding of our Supplier Code of Conduct and Supply Chain and Procurement Policy, and to incorporate our requirements and values into their own supply chains.

## **7 KEY SUPPLIERS**

Certain business partners play a key role in the Company's success because of their degree of integration with our business and/or the nature and/or volume of products and services supplied to Greenfoot Energy Solutions. Key suppliers include large multinational corporations that have their own established guidelines and principles which demonstrate their commitment to compliance with the Act.

During 2024, we plan to develop and implement a robust Supplier Code of Conduct which will outline our expectations and requirements to our suppliers with regards to health and safety, environment, labour, human rights and compliance.

## **8 SUPPLIER AUDITS**

All new suppliers will be subject to a risk-oriented supplier onboarding policy which will cover quality, compliance, environmental and social concerns.



For existing suppliers, during 2024, we will develop an audit process based on the same criteria as those set for new suppliers.

We will develop a standardized questionnaire to be used in supplier audits to include requirements with respect to human rights and labour standards, occupational health and safety, environmental protection, and the fight against corruption.

Supplier audits will cover various labour and ethical issues, including:

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|--|---|
| <ul style="list-style-type: none"><li>• forced labour;</li><li>• child labour;</li><li>• discrimination;</li></ul> | <ul style="list-style-type: none"><li>• health and safety;<br/>and</li><li>• corruption and<br/>bribery</li></ul> |
|--|---|

In cases where violations or discrepancies are identified, depending on the severity and the violating supplier's plans to take corrective action, the violating supplier may be prohibited from doing further business with Greenfoot Energy Solutions. In 2024, we will establish an audit timeline, and we plan to target higher risk suppliers identified during our risk assessment process.

The Company plans to use the findings of our risk assessments and supplier audits to consistently improve and innovate upon our current policies and procedures. Key performance indicators will be established ensuring our ability to test the efficiency of these policies and procedures.

## 9 OUR POLICIES

Governance, clear policies and effective risk assessment, as well as a solid understanding of our supply chain, are the bases for a targeted approach to addressing modern slavery. Greenfoot Energy Solutions is committed to ensuring there is no modern slavery in our supply chains or in any part of our business. Throughout 2024, we will continue to develop new policies and enhance existing policies to ensure compliance with relevant laws and ethical responsibilities, including in the following areas:

### **Current Policies:**

**Human Rights Policies:** We have established comprehensive Human Rights Policies addressing Equal Opportunity, Workplace Anti-Harassment and Violence Prevention, and Impairment in the Workplace. These policies outline our commitment to upholding the fundamental human rights of all individuals, including the prohibition of forced labour.

**Recruitment Policy:** This policy addresses the Company's approach to recruitment and to working with recruitment agencies. Contracts of employment



include details on how workers can terminate employment and on overtime expectations.

**Anti-Bribery and Corruption Policy:** Establishes clear guidelines in respect of prevention of bribery and corruption by involving our workers and outlining their obligations and potential liabilities.

**New and Enhanced Policies:**

**Supply Chain and Procurement Policy:** We will require that all of our suppliers and subcontractors adhere to our Supplier Code of Conduct, which will explicitly prohibit the use of forced labour, child labour and any form of modern slavery in their operations.

**Procurement Practices:** We are committed to only using reputable suppliers who act ethically and in accordance with the Act. Suppliers will be vetted through a questionnaire prior to being onboarded with us. Failure to complete this questionnaire will eliminate potential suppliers from being selected to work with us.

**Due Diligence Process:** We will conduct thorough due diligence on all of our suppliers and subcontractors to assess the risk of modern slavery within our supply chains. This includes evaluating their policies, procedures, and practices related to labour rights.

**Training and Awareness:** We will provide regular training and awareness programs to our employees and key stakeholders to educate them about the risks of modern slavery and how to identify and report any suspected cases.

**Whistleblower Mechanism:** We will establish a confidential whistleblower process that enables employees, suppliers and other stakeholders to report to the leadership team any concerns or suspicions related to modern slavery without fear of retaliation or discipline.

## 10 TRAINING

Every Greenfoot Energy Solutions employee is provided with a copy of the Company Handbook. Employees must comply with the guidelines of the Company Handbook and with all applicable laws.

We have briefed our purchasing team with regard to the requirements of the Act, the Company Policies and this Annual Report.

To ensure a high level of understanding of the risks of forced and child labour in our supply chains and our business, we will be providing educational materials to staff



through the Company's newsletters and information boards, as well as during onboarding.

To keep awareness high and to ensure that preventing modern slavery is part of the Company's day-to-day business, we will provide key members of the team involved in the audit processes with ongoing training.

All employees are presented with, and made aware of, their Employee Rights (Right to Know, Right to Participate, and Right to Refuse)

## **11 FORWARD-LOOKING STATEMENT**

Greenfoot Energy Solutions is committed to continuously improving our efforts to combat modern slavery and human trafficking. We will regularly review and update our policies, procedures, and practices to ensure alignment with international standards and best practices in this area

This statement is made pursuant to section 11(4)(a) of the Fighting Against Forced Labour and Child Labour in Supply Chains Act, and constitutes our annual report for the year ended December 31, 2023.

Greenfoot Energy Solutions Inc.

A handwritten signature in black ink, appearing to read "Joe Godbout", is positioned above the printed name.

Joe Godbout  
Co-Founder & CEO

