

May 24, 2024

## **Modern Slavery and Human Trafficking Statement**

For the fiscal year ending December 31, 2023

This report is made on behalf of Next Plumbing and Hydronic Supply Inc. (“NEXT”) pursuant to Section 11 of the *Fighting Against Forced Labour and Child Labour in Supply Chain Act* covering the fiscal year January 1, 2023, to December 31, 2023. NEXT is committed to complying with applicable laws and to acting with care, integrity, and responsibility when it deals with its employees, customers, suppliers, and community. We do not tolerate any form of slavery or human trafficking in our operations and supply chain. We also recognize the importance of implementing appropriate measures to mitigate the risk of slavery and human trafficking in our operations, either directly or through our suppliers.

### **Structure and Supply Chain**

NEXT is a leading distributor of plumbing and hydronic products to trade customers. NEXT is designed specifically to service the contractor with everything they need, faster, to save them time and money, with the lowest installed cost. NEXT operates in the Southern Ontario market with a head office in Vaughan and 15 locations predominantly in the GTA and surrounding markets.

NEXT employs over 350 full time employees. Next has approximately 1000 suppliers, of which the majority are predominantly based in North America. Suppliers in North America account for 96% of our spend.

### **Policies and Due Diligence Processes**

NEXT holds itself to high standards of business integrity and ethical conduct. Our core values of being integral to our customers, co-workers, and community, are always fundamental beliefs that, direct our behaviour and morale decision making.

We pride ourselves on the care we take to create an environment for our teams that is safe and free of harassment. We have the following policies and procedures in place to protect our employees throughout their time at NEXT:

- Employee Handbook
- Health and Safety Policy
- Respect in the Workplace – Harassment, Discrimination and Bullying Policy
- Violence in the Workplace Policy
- Disciplinary Procedure

## **Risk Assessment**

NEXT also holds our suppliers to high standards of ethical conduct and treatment of workers.

NEXT primarily sources goods from suppliers based in North America, where the risk of forced, involuntary or child labour in manufacturing activities is relatively small. We recognize that our international suppliers pose higher risks of modern slavery. To address this, we:

- Conduct periodic site visits and tours of the supplier factories.
- We have a dedicated third-party consultant overseas to meet with our suppliers more regularly.
- Beginning in 2024, on an annual basis, we have our audit firm provide us with country statistic risk assessment of forced and child labour in the oversea supplier's country based on the Global Slavery Index.

NEXT has taken steps (and is continuing to take steps) to minimize the risk by conducting a review of its current supplier network. NEXT is in the process of assigning internal risk levels to various categories of suppliers. Through this review, NEXT is aiming to reduce or eliminate the potential of forced labour or child labour in its supply chain.

In the coming year, NEXT plans on expanding its review of its supply chain by:

- Enhancing due diligence and risk management activities related to forced labour and child labour.
- Building out NEXT's processes and policies for preventing forced labour and child labour in the supply chain, which may include implementing and updating: (i) a supplier code of conduct and other procurement policies, and (ii) the processes related to supplier due diligence, onboarding, and compliance and
- Implementing and updating internal educational training

More work is underway internally to monitor supplier activities efficiently and effectively with respect to modern slavery, and NEXT's risk assessment as set out in this report.

## **Due Diligence**

Our core approach to managing supply chain risk is to establish and maintain long-term partnerships with suppliers that share our values. We believe that ongoing engagement best positions us to understand issues on the ground, build strong relationships with suppliers, enhance transparency, and collaborate to proactively address issues. Although our interest is always to work in partnership with suppliers to resolve issues, for severe or persistent non-compliance issues, we maintain the right to terminate a supplier relationship.

## **Remediation Measures**

NEXT has assessed our activities and supply chains and as of the date of this report we believe that our activities and supply chain carry a low risk of risk of forced labour or child labour being used. If a situation of non-compliance is identified, NEXT will work to develop and implement a corrective plan to improve and remedy the situation. As of the date of this report, NEXT has not undertaken

any measures to remediate the loss of income or specific activities for vulnerable families to remediate slavery and human trafficking in our supply chain.

### **Training**

In 2024, NEXT is working on developing mandatory training material that supports our commitment to human rights, including the prohibition of slavery and human trafficking, and supply chain diligence. The Company will have mandatory training on this topic for all senior management and all staff responsible for maintaining existing or new vendor relations.

### **Assessing Effectiveness**

NEXT evaluates slavery and human trafficking risks by conducting on-site visits and commencing in 2024 we will begin utilizing third party country statistic risks. We will continue to review, reassess, and further develop our anti-slavery and human trafficking plans, not only to ensure compliance with the law but also to ensure that we fulfil our core values as expressed in this report.

Collectively, this report, the policies, processes, and procedures described herein, are all designed to ensure that NEXT and its suppliers at every level are committed to maintaining a workplace and supply chain free of slavery and human trafficking.

### **Approval and 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 entity 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.

### **Approval**

This Report was approved by the board of directors of NEXY on May 24, 2024.

### **Signatures:**



Full Name: Michael Storfer  
Title: Chief Executive Officer  
Date: May 24, 2024

I have the authority to bind Next Plumbing and Hydronic Supply Inc.