

May 31, 2024

Modern Slavery Statement for the Financial Year ended 2023

This statement is made pursuant to Bill S-211, An Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff. This statement outlines the approach and initiatives by SFC Energy Ltd to identify and address the risks forced labour and child labour in its business operations and supply chains during the financial year commencing January 1, 2023 and ending December 31, 2023.

Group Structure

SFC was established on January 1971 under the name Simark Controls Ltd, and changed our name to SFC Energy Ltd. in January 2020. Our Head Office is located in Calgary Alberta.

- SFC Energy is a service-oriented, value-added sales company specializing in custom integrated and manufactured solutions. Our company has been headquartered in Calgary, Canada since 1971, and has earned a reputation of providing a wide range of industries with quality solutions.
- SFC Energy Ltd. is a subsidiary of SFC Energy EG.

Supply Chain

SFC Energy's main product offerings are purchased from Schneider Electric, USA, ABB Canada and our parent company SFC Energy AG in Germany. Our fuel cell cartridges are filled locally by Arkon, using methanol purchased from USA. We also have suppliers that we purchase our production parts and accessories from. These parts are sourced from Canadian or US distributors. Manufacturing locations are located globally, excluding countries with sanctions.

Risks in Supply Chain

SFC Energy Code of Conduct for Our Business Partners includes our commitment to Human and Worker Right as well as the corporate policy for No Acceptance of Child and Forced Labour.

SFC - Human and Worker' Rights

Our business partners respect general ethical values and principles. The basic employee rights of the respective applicable national laws are to be respected and the Universal Declaration of Human Rights of the United Nations, taking into account the laws and regulations applicable in the various countries, is to be recognized and complied with. We expect that the remuneration and other benefits provided by our business partners to their employees are at least in line with the respective national and local legal standards or the level of the national economic sectors/industries and regions. Our business partners must ensure that they do not get involved in any human rights violations. *(Content from SFC Code of Conduct for our Business Partners)*

SFC - No Acceptance of Child and Forced Labour

Our business partners are committed to the abolition of child labour and forced labor. Child labour, forced labor or other involuntary labor in accordance with the conventions of the International Labor Organization (ILO) cannot be tolerated. *(Content from SFC Code of Conduct for our Business Partners)*.

Risk Assessment

Risks to our supply chain is failing to complete supplier qualifications internally as well as our suppliers sourcing their goods without doing due diligence ensuring their supply chain does not accept products produced with child and forced labor.

SFC Energy Ltd.
Unit 160, 5730 – 80th AVE, S.E.
Calgary, AB T2C 5T9
www.sfc-energy.ca

Telephone (403) 236-0580
Toll-Free 1-800-565-7431
Fax (403) 279-6553

Calgary
Edmonton
Grande Prairie

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Montreal
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- SFC Energy is ISO 9001 and 14001 certified, these certifications also include our requirement to qualify our supply chain and the needs and expectation of interested parties (customer and legislated requirements are defined).
- Our quality and environment management system also includes annual review of our Business Risk Assessments by our internal process owners.

Policies in place in order to mitigate the risks identified above.

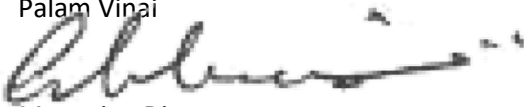
- SFC launched a campaign through our marketing service provider to obtain sign off on the SFC Code of Conduct for our Business Partners. Open action is to reach out to suppliers that did not respond to obtain code of conduct sign off.
- New requirement in our ERP system is to include country of origin on all new part numbers created. Countries with sanctions will quickly be identified and parts will not be used. Item card creation is restricted to a small group of trained employees.
- Supplier's disqualified are deactivated in our system removing them from our approved vendor list and communicated to our procurement team. This will prevent unintentional use of the supplier.
- ISO 9001 and 14001 Internal and external audits are conducted annually. SFC Energy Ltd. has an active schedule to review legislated requirements.
- SFC Energy AG (Head Office) is in the development stages of ESG reporting and has introduced company wide Governance policies including: Code of Conduct for our Employees, Code of Conduct for our Business Partners, SFC-Group Risk Management System Guidelines, SFC Group Whistleblower Policy, SFC Group Economic Sanctions Directive, SFC Group Anti Money Laundry, SFC Group Anti Corruption Guideline.

Training & Effectiveness

- Employees who set up new vendors have been trained on SFC's Supplier Qualification process which includes the sign off of SFC Code of Conduct for our Business Partners. New process has been introduced May 2024, vendor will only be setup in our ERP system upon approval of Supply Chain Manager to ensure qualifications are completed. Effectiveness of the training is assessed by Supply Chain Manager when reviewing vendor qualification records.
- KPIs to be developed to measure number of vendors who have completed the vendor qualification / requalification and code of conduct sign off, target Q3.

This statement is made pursuant to Bill S-211, An Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act for the financial year ending 12/31/2023. It has been issued on behalf of SFC Energy Ltd and approved by Palam Vinai, Managing Director.

Signed,
Palam Vinai



Managing Director
May 31, 2024