



Bill S-211 Report

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Introduction

The following report has been drafted by Swegon North America in alignment with section 11 of Bill S-211 for the financial year ending December 31st, 2023. The entity covered by this report is Swegon North America (Business Number: 100706423)

Swegon North America meets the definition of entity under the act by having a place of business in Canada, doing business in Canada, and having assets in Canada. In addition, Swegon North America meets two out of the three size-related thresholds for revenue and assets.

Swegon North America is steadfast in its commitment to uphold honesty and integrity in all its business operations. In alignment with Bill S-211, this report has been prepared to disclose the measures that Swegon North America has implemented to mitigate the risks associated with modern slavery within its business framework.

Section A: Structure, Activities, and Supply Chains

Swegon North America operates as a Canadian entity within Swegon Group, a global provider of indoor climate solutions headquartered in Gothenburg, Sweden. Swegon North America focuses on manufacturing and sales of Heating, Ventilation, and Air Conditioning (HVAC) systems, noise control solutions, and vibration isolation & restraint systems specifically catering to the Canadian and US markets. The supply chain network is geographically diverse, spanning several countries including Sweden, Canada, the United States, Finland, and the United Kingdom.

Section B: Policies and Due Diligence Processes

Swegon North America prioritizes ethical practices throughout its operations and supply chain. This philosophy, coupled with Swegon North America's strategy of cultivating deep relationships with its vendors, serves as a fundamental safeguard against the risks of forced or child labor, as well as other unethical practices within its operations and supply chain.

Over the past fiscal year, Swegon North America continued to implement its longstanding due diligence measures to identify and manage the risks associated with forced and child labour in its supply chain and operations. This has been achieved through a Supplier Code of Conduct that outlines expectations for compliance with all applicable laws and regulations. The code emphasizes fair labor practices, prohibiting forced or child labor and promoting equal opportunity.

Swegon North America maintains a due diligence process to assess supplier adherence to the Code of Conduct. This process may involve requesting relevant documentation and reserving the right to conduct site visits or request corrective actions if necessary. By adhering to these principles, Swegon North America fosters a strong foundation for responsible sourcing and builds long-term partnerships with its suppliers.

These, and other initiatives reflected in the report herein, demonstrate Swegon North America's current position, and its ongoing commitment to continuing to uphold the highest standard of ethical labour practices, and foster a sustainable, responsible supply chain. Looking ahead, Swegon North America is dedicated to continuing to enhance its due diligence initiatives to actively reduce the risk of forced and child labour in its supply chain.

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Section C – Forced Labour and Child Labour Risks

Over the past fiscal year, we had not started the process of identifying risks. However, to understand where in the supply chain forced or child labour risks may exist, Swegon North America recently carried out a risk assessment process. This process was guided by insights provided by the Walk Free Global Slavery Index, the OECD Due Diligence Guidance for Responsible Business Conduct, and by the US Department of Labor’s List of Goods Produced by Child Labour or Forced Labour. Swegon North America has relied on these documents for its risk identification process as they are considered the best source of information for Canadian entities as it relates to the risk of forced or child labor. In conducting the supply chain forced and child labour risk analysis, Swegon North America was able highlight potential risks of forced or child labour associated with certain countries.

This risk identification exercise does not presuppose the actual use of forced or child labour within our operations or supply chains, rather, it is aimed at recognizing potential scenarios where such risks might arise, thereby further enabling Swegon North America to implement effective preventative measures. Our assessment acknowledges that no industry is entirely exempt from the risks of forced and child labour and there are inherent vulnerabilities within certain sectors of our supply chain, particularly in regions where regulatory frameworks and enforcement mechanisms might not be robust.

The analysis considered specific geographic regions that, according to the Walk Free Global Slavery Index and other credible sources, present a higher risk of forced and child labour practices. This geographic risk assessment, was combined with an assessment of at-risk-goods categories, further enabling a targeted lens to our risk assessment.

Risk Assessment Findings

Through the application of the analysis, Swegon identified its suppliers in five countries — Canada, Finland, Sweden, United Kingdom, and United States — as having a low risk of forced or child labour. Imports from Sweden accounted for 59.3% of our procurement spend with a very low prevalence of forced or child labour. Similarly, Canada and the United States constitute 38.8% of our annual supplier expenditure, with a low risk of forced or child labour.

Swegon also considered the data from the US Department of Labor’s List of Goods Produced by Child Labour or Forced Labour. This is an important step in isolating specific goods from our import portfolio that may be susceptible to forced or child labour. By considering this data against the products that we import, no products were found to be subject to an elevated risk of being associated with forced or child labour practices.

Overall, the findings from our risk assessment suggest that our exposure to forced and child labour risks within the supply chain is low in the context of overall expenditures. This does not undermine our intention to consider risks and conduct our risk management procedures and policies accordingly. As it relates to the specific identified risks above, Swegon will further consider how to direct additional energy and engagement to support the mitigation and management of forced and child labour risks.

Section D – Remediation Measures

Over the past fiscal year, our assessments have not identified any instances of forced or child labour within our operations or supply chains, and accordingly, no remediation measures have been taken. In alignment with the United Nations Guiding Principles on Business and Human Rights, we recognize the importance of having robust remediation measures in place.

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While no instances of forced or child labour within our operations or supply chains have been identified, should they be in the future, immediate action will be taken. We will engage directly with affected individuals and communities to understand the impact and develop appropriate remediation measures. Recognizing the complexity of supply chains, we commit to working collaboratively with our suppliers to ensure remediation measures are effectively implemented.

Section E – Remediation of Loss of Income

Over the past fiscal year, Swegon North America has not identified any instances of child or forced labour in its operations or supply chains, and by way of a supply chain risk assessment has determined itself to carry a relatively low overall supply chain risk as it relates to forced or child labour. Thus, no measures have been taken to remediate the loss of income to vulnerable families. Swegon North America recognizes the importance of being prepared to take immediate and effective action should any such issues arise.

Section F – Training

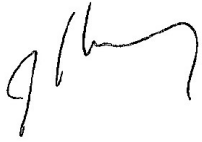
Over the past fiscal year, in continuation of its longstanding practice, Swegon North America's parent company conducted mandatory in-house training for all employees, including new hires, on the company's code of conduct. This training, which has been consistently provided, specifically addressed critical issues such as forced and child labor within the supply chain. Additionally, the company introduced mandatory periodic booster sessions during the past fiscal year aimed at reinforcing this knowledge and enhancing awareness of preventing child and forced labor in the supply chain. Our aim is to foster a supply chain and team of professionals that are collectively vigilant and proactive against forced and child labour.

Section G – Assessing Effectiveness

While Swegon North America does not currently have specific policies and procedures in place to assess its effectiveness in ensuring that forced labour and child labour are not being used in its activities and supply chains, we are committed to implementing more robust measures if concerns arise or best practices evolve.

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 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.



I have the authority to bind Swegon North America

Jeffrey Bayley, Managing Director _____

Date: May 31, 2024 _____