



Modern Slavery Act Report 2024

Date: May 31, 2024 – Version 1.0

Company: Thermo Design Insulation Ltd.

Financial Reporting Year: April 1, 2023 – March 31, 2024

Business Number: 105246680

Sector / Industry: Construction Specialty Contractor

Corporate Background:

Thermo Design Insulation Ltd. (TDI) is incorporated under the laws of Alberta, and provides insulated metal panel solutions, controlled environment solutions, and mechanical insulation solutions to various construction markets across Canada.

TDI has eight offices across Canada, with head office being in Edmonton, Alberta. TDI employs around 315 employees within Canada. We exclusively operate within Canada, but almost all of our business is in British Columbia, Alberta, Saskatchewan, Manitoba, and Ontario. Each branch has a divisional manager that looks after operations within their operating area, but corporate administration is handled at head office.

TDI's mandate is to be an industry leader in our selected markets by supplying innovative, quality products and services that exceed the expectations of our current and future customers and by maintaining positive relationships with customers, employees, and suppliers, thereby providing continuous growth.

Reporting Framework

Thermo Design Insulation Ltd., has completed an internal review of our policies in order to review and reduce our risk of exposure to forced and child labour; as well as mitigating and responding to any instances that may arise during these reviews or during our ongoing operations.



In our first reporting year, we analyzed supplier and contract costs in order to better understand the risks for exposure. Due to the nature of our business, we utilize a number of suppliers to complete our projects depending on the application. We paid over 500 vendors last year, but over 85% of our direct costs were paid to 30 of these vendors. We have had long standing relationships with these top vendors and they are common for our subtrade.

TDI has maintained internal corporate policies and procedures in order to ensure we are compliant to legal responsibilities and to maintain the utmost priority of the health and safety of our employees and the public at large. This includes onboarding of new suppliers in order to understand the upcoming purchases and to ensure we are applying for proper credit terms. The policies and procedures do not currently have explicit language with respect to mitigating risks of forced and child labour, though there are general clauses that cover ethical and employment standards.

Overview of Supply Chain

As a specialty contractor, TDI's completes a very limited scope of the construction process for any given project. Our inputs of direct costing are primarily comprised of materials and employed labour. TDI does not manufacture goods for the purposes of sale, instead we procure the vast majority of materials from businesses in Canada. Our work is focused on building envelope and controlled environments and we install the key components of these items. Insulated metal panels (IMP) are the most prevalent materials procured, but accessories to the build process such as fasteners, membranes, trims, specialty doors, and insulation are purchased as well.

Roughly 17% of our material purchases in our March 31, 2024 year-end were made from US vendors for IMP, doors, and insulation. The requirements of these imports are related to customer requirements driven by specifications or feasibility due to a lack of manufacturing capacity in Canada. Our next largest supplier outside of Canada constituted less than 1% of direct cost purchases in our fiscal year. This vendor manufactures specialty doors in the United States, but these doors are very popular in application in commercial, industrial, and cold-storage construction in Canada. A very limited scope (less than 0.5% of purchase) of items are imported from the Netherlands for purchase or repair. This is for industry specific equipment for the health and safety of our staff and clients.

Internal labour across our company is all Canadian and bound by federal and provincial laws in which we operate. We are committed to the health and safety of all our staff, but also are required to do so by law.



Other considerations in the supply chain relate to internal freight, equipment rentals, and subcontractors if applicable. These services are handled entirely by reputable Canadian companies that are bound by the same legal requirements as we are.

Review Findings

The process of our supplier reviews included communicating with these vendors in order to understand whether they had specific policies for addressing forced and child labour or other Environmental, Social, and Governance (ESG) policies that address the issues of Bill S-211.

Import purchases from our 2nd largest IMP supplier constituted about 15% of our direct purchases throughout the year and these panels were manufactured in the United States. This multi-national company has defined ESG policies as well as specific documentation relating to mitigation of previous risks of forced labour in their supply chain for the steel used to make their panels. We found their internal policies and procedures to be satisfactory and the risks very low to us for exposure.

Generally, large sized businesses in Canada have already implemented and defined ESG policies and have published their reports under this Bill. Small and medium sized businesses typically did not have specific reporting available and may or may not have published policy on this matter.

Risks of Forced and Child Labour

It is important to discern that our supply chain is not uncommon for our specialty subtrade. Our customers (whom are General Contractors typically) and competition are using the same suppliers to bid, procure, and complete their jobs. Exposure, if any, to forced or child labour would be systemic to the construction industry as a whole. Obtaining sufficient proof of policies and procedures is the best balance to mitigate exposure. We would not have the time or resources to actively audit our entire supply chain in order to obtain positive assurance.

We expect our employees, suppliers, partners, and any other parties that we do business with to conduct themselves to an exceeding standard of health and safety; additionally, we have a general expectation that these parties focus on doing what is right for the people that help us do the work that we do. TDI's success in its 40 plus year history and into our future is owed to the people that work for us and these extended parties.



Additionally, the US companies we are dealing with most likely already have to deal with the requirements under *The California Transparency in Supply Chain Act*. The disclosure does not specifically address child labour but forced labour in their supply chains.

As we deal with reputable Canadian businesses, TDI views the risk of forced or child labour to be minimal if at all. We are committed to working with our suppliers to ensure we understand the product mix available and to ensure that they are complying with Bill S-211; however, we must also balance a reliance on legal frameworks within Canada to assist in mitigating risk.

Action Plan 2024-2025

TDI is committed to operating its business responsibly and ethically, recognizing the importance of human rights and maintaining lawful labour standards. TDI plans further review these risks in the next fiscal year by updating internal policies and code of conduct to ensure that we are continually complying to Bill S-211.

We plan on doing this with the following action items:

- 1) Revise our internal policy documents to ensure the specific language is added against forced and child labour in our company and our supply chain – Target July 2024.
- 2) Internally request ESG policy information as well any specific policies against forced and child labour for new vendors – Target July 2024.
- 3) Ensure that all non-Canadian vendors in the current fiscal year have provided a code of conduct or other relevant documentary evidence that their supply chain is free of forced and child labour – Target March 2025.

We feel like this addresses the top risks internally of being exposed to forced or child labour. As previously stated, we must be able to trust the legal framework of federal and provincial governments in order to ensure that the remainder of our Canadian suppliers are held to the same level of scrutiny.

Policy and Due Diligence Process

The planned updates to our policy will be included into our company policies and procedures and maintained internally concurrently. We will then communicate these updates at our weekly



meetings and safety meetings across each of our offices. The due diligence will be done on an ongoing basis with updates to our vendor database.

Success of the program for us is getting certainty over time for a significant portion of our suppliers but the focus will be first for those outside of Canada.

Remedial Measures to Exposure

Based on our initial assessment of activities, the risk of forced or child labour in our supply chain would be low and therefore there is no immediate remediation plan to our business. TDI adheres to legal frameworks we operate in, but we also adhere to ethical and human rights standards. Whether we have a formal agreement with our suppliers or not, we reserve the right to conduct inspections or audits of areas of our supply chain should we be aware of instances where adherence to Bill S-211 comes into question. Failure to adhere to our standards may result in re-evaluation or termination of business relationships with suppliers accordingly.

Declaration

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, Moraldo Rantucci, have the authority to bind Thermo Design Insulation Ltd.

A handwritten signature in black ink, appearing to read 'M. Rantucci', with a long, sweeping flourish extending upwards and to the right.

Moraldo Rantucci
Corporate Secretary and Director, Financial Administration