

Watsco Canada, Inc.  
Forced/Child Labour Report  
May, 2024

## **REPORT INTRODUCTION**

Watsco Canada, Inc. (“WCI”) is a holding company for entities engaged in wholesale trade and assembly. Its operating subsidiaries in Canada are Carrier Enterprise Canada, L.P. (“CEC”) and Alert Labs Inc. (“Alert Labs”). This report is in accordance with the Fighting Against Forced Labour and Child Labour in Supply Chains Act, S.C. 2023, c. 9 (the “Act”). This report describes the steps we have taken during the financial year ending December 31, 2023 (the “Reporting Period”) to identify, assess, and address forced/child labour risks in our operations and supply chain.

## **ORGANIZATION STRUCTURE**

WCI is a Canadian corporation. Its ultimate parent is Watsco, Inc., a publicly traded U.S. corporation. It is a holding company with no operations of its own. The activities and supply chains of its operating subsidiaries in Canada, CEC and Alert Labs, are set forth below.

CEC is a limited partnership that is jointly owned by WCI and Carrier Canada Corporation. CEC’s headquarters are in Mississauga, Ontario supporting local markets across Canada. CEC is national sales and distribution company of HVAC and refrigeration products. CEC purchases from over 100 suppliers across North America. It has 5 major distribution centres across Canada storing and distributing to 31 other branch locations. It relies on 3rd party transportation service to deliver inventory to branches and ship out to customers.

Alert Labs assembles products such as flood sensors, leak detectors, water flow sensors and A/C monitoring systems that help companies and homeowners protect assets, lower operating costs and increase sustainability at their buildings. Alert Labs is engaged in the assembly of its products within Canada, distributing them across North America. The company predominantly sources its raw materials from suppliers based in Canada and the United States.

## **POLICIES AND DUE DILIGENCE PROCESSES**

CEC and Alert Labs have a Human Rights Policy and Supplier Code of Conduct in place to address the risk of human rights violations and forced/child labour within their operations and supply chain.

### **(1) SUPPLIER CODE OF CONDUCT**

Product suppliers to CEC and Alert Labs are required to adhere to their ultimate parent corporation Watsco, Inc.’s Supplier Code of Conduct. CEC and Alert Labs seek business partners who share their commitment to the highest moral and ethical standards with regard to legal, compliance, corporate governance, human rights, employment standards, health, safety and environmental stewardship.

CEC and Alert Labs are committed to the protection and advancement of human rights guided by values that inspire how we conduct our business. In furtherance of CEC's and Alert Lab's commitment to human rights, suppliers shall not engage in human trafficking, slavery, bonded (including debt bondage) or indentured labour, forced labour, child labour or prison labour. Suppliers shall adhere to the minimum employment age limit defined by the applicable national law or regulation and comply with relevant International Labour Organization standards. Suppliers shall comply with all applicable laws and industry practices on working hour schedules, payment of minimum wages, overtime pay, rest periods, holidays, and freedom of association.

CEC and Alert Labs maintain the right to take actions, including on-site inspections of the supplier's facilities and review of any applicable books, records, certifications and other documentation in order to assess compliance with the Code.

## **(2) HUMAN RIGHTS POLICY**

CEC and Alert Labs are subject to and abide by Watsco, Inc.'s Human Rights Policy. CEC and Alert Labs do not tolerate the use of child labour or human trafficking. CEC and Alert Labs do not tolerate the exploitation of children or the trafficking, physical punishment, abuse, or involuntary servitude of any worker. CEC and Alert Labs do not and will not employ child labour in any of their operations and facilities. In addition, CEC and Alert Labs will not knowingly engage a supplier, or enter into a joint venture with an organization that directly, or indirectly through a third party, employs child labour. CEC and Alert Labs do not and will not employ forced labour in any of their operations and facilities. In addition, CEC and Alert Labs will not knowingly engage a supplier, or enter into a joint venture with an organization, that directly or indirectly employs forced labour or employs persons who were trafficked into employment.

Violations of the Human Rights Policy and Supplier Code of Conduct can be reported confidentially to Watsco's Corporate Assurance Team at [confidentialemail@watsco.com](mailto:confidentialemail@watsco.com) or via telephone call to (866) 492-6800.

## **ATTESTATION PURSUANT TO SECTION 11 OF THE CANADIAN ACT**

In accordance with the requirements of the Canadian Act, particularly section 11, I attest that I have reviewed the information contained in this report for the entity subject to the Canadian Act. 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.

Signed by:

*Steven Boyack*

Steven Boyack

Vice President of Finance

Watsco Canada, Inc.