



Modern Slavery Report

Introduction

Kerr Controls Limited, is a leading distributor of Heating, Ventilation, Air Conditioning and Refrigeration (HVAC/R) products in Atlantic Canada. The company was founded in Truro, Nova Scotia in 1949, operating from a single delivery truck and has grown to a network of 10 Atlantic Canadian locations along with a central Distribution Centre, with Kerr Investments Limited as its parent company. Kerr Controls Limited and Kerr Investments Limited are collectively referred to as “Kerr” in this statement.

This statement sets out Kerr’s actions, in accordance with the ***Fighting against Forced Labour and Child Labour in Supply Chains Act*** (the “Act”), to understand all potential modern slavery risks related to its business and to begin to put in place steps that are aimed at ensuring that there is no slavery or human trafficking in its own business and its supply chains. This statement relates to actions and activities during the financial year ended February 28, 2025.

As part of Wholesale HVAC/R Distribution industry, the organisation recognises that it has a responsibility to consider the potential presence of slavery and human trafficking in its supply chain.

The organisation is committed to preventing slavery and human trafficking in its corporate activities, and to ensuring that its supply chains are free from slavery and human trafficking.

1. Organizational structure, activities and supply chains

This statement covers the activities of Kerr:

Kerr is a company specializing in the distribution of HVAC/R (heating, ventilation, and air conditioning and refrigeration) equipment, parts, and supplies. The company serves a wide range of customers, including residential, commercial, and industrial clients, providing essential components for heating and cooling systems.

Kerr Controls is a wholly owned subsidiary of Kerr Investments Limited. Both are limited companies under the Nova Scotia *Companies Act*.

Kerr Investments Limited also controls Kerr Smart Energy Limited, which carries on a business similar to Kerr in Ontario. Kerr Smart Energy is not an “entity” under the *Act*.

Business Activities:

Distribution: Kerr distributes a variety of HVAC/R products, including heat pumps, furnaces, air conditioners, water heaters, thermostats, and ventilation equipment.

Sales and Service: The company offers sales of HVAC/R equipment and provides technical support and customer service to ensure proper installation and maintenance by its contractor customers.

Technical Expertise: Kerr employs knowledgeable staff who provide advice, troubleshooting, and technical assistance to contractor customers.

Training and Education: The company offers training programs and educational resources for HVAC/R professionals to stay updated with industry standards and technologies.

Supply Chain:

Suppliers: Kerr sources HVAC/R equipment and parts from a network of reputable manufacturers and suppliers. These suppliers provide high-quality products that meet industry standards.

Inventory Management: The company maintains an extensive inventory to ensure the availability of a wide range of products, enabling quick and efficient order fulfilment.

Logistics: Kerr manages the logistics of receiving, storing, and distributing products. This includes warehousing and transportation to ensure timely delivery to customers.

Customer Relationships: The company builds and maintains strong relationships with its contractor customers, providing reliable products and exceptional service to meet their HVAC/R equipment needs.

Overall, Kerr's role in the HVAC/R industry consists in connecting manufacturers with end-users and ensuring the efficient supply and support of HVAC/R systems.

The organisation currently operates in the following countries/regions:

- The company operates a network of 10 branches and a distribution centre in locations throughout Atlantic Canada. These branches receive and store HVAC/R equipment and sell it to qualified contractor customers for use in consumer and residential applications.

2. Policies and due diligence processes in relation to forced labour and child labour

a. Policies: The organisation operates the following policies that describe its approach to the identification of modern slavery risks and steps to be taken to prevent slavery and human trafficking in its operations:

- **Whistleblowing** The organisation encourages all its workers, customers and other business partners to report any concerns related to the direct activities, or the supply chains of, the organisation. This includes any circumstances that may give rise to an enhanced risk of slavery or human trafficking.
- **Employee code of conduct** The organisation's code makes clear to employees the actions and behaviour expected of them when representing the organisation. The organisation strives to maintain the highest standards of employee conduct and ethical behaviour when operating abroad and managing its supply chain.

b. Due diligence processes:

The organisation undertakes due diligence when considering taking on new suppliers, and regularly reviews its existing suppliers. The organisation's due diligence and reviews include:

- mapping the supply chain broadly to assess particular product or geographical risks of modern slavery and human trafficking;
- evaluating the modern slavery and human trafficking risks of each new supplier;
- reviewing on a regular basis all aspects of the supply chain based on the supply chain mapping;

3. The parts of the business and supply chains that carry a risk of forced labour or child labour, and the steps taken to assess and manage that risk

The following is the process by which the company assesses whether or not particular activities or countries are high risk in relation to slavery or human trafficking:

For Kerr, this risk assessment process would involve:

Identifying high-risk countries and regions where their suppliers are located, particularly focusing on areas known for labour exploitation.

Collecting data from human rights reports.

Evaluating the risks using a risk matrix and identifying key indicators of forced labour within their supply chain.

Developing future mitigation strategies such as creation and implementation of a supplier code of conduct and conducting training sessions.

Engaging stakeholders to ensure transparency and continuous improvement.

High-risk activities

As a wholesale distributor of HVAC/R products, Kerr may face risks of human trafficking and slavery within certain areas of its supply chain, including the following:

Suppliers and Manufacturers:

Raw Materials Sourcing: The suppliers of raw materials used in manufacturing HVAC/R products might be located in regions with weak labour regulations. There is a risk that these suppliers could be involved in exploitative labour practices, including human trafficking and forced labour.

Manufacturing Facilities: The manufacturing processes for HVAC/R components, particularly if outsourced to factories in countries with lower labour standards, might involve forced labour or poor working conditions.

Logistics and Transportation:

Shipping and Transport: The transportation of goods, especially if handled by third-party logistics providers, can involve risks related to labour exploitation. Workers in the transportation sector, including truck drivers and warehouse workers, might be subjected to poor working conditions and unfair labour practices.

Subcontracted Labour:

Temporary and Contract Workers: The use of subcontracted or temporary labour for warehousing, packaging, and distribution operations can be a risk area. These workers might be more vulnerable to exploitation due to lack of oversight and protection.

Cleaning and Maintenance Services:

Facility Management: Services such as cleaning, security, and maintenance, often outsourced by manufacturers to third-party providers, might employ workers under conditions that could involve forced labour or human trafficking.

4. Any measures taken to remediate any forced labour or child labour

During the year ended February 28, 2025, the organization did not identify any instances of forced or child labour within the organization or its supply chains, and so no remediation measures have been taken.

5. Any measures taken to remediate loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in its activities and supply chains.

During the year ended February 28, 2025, the organization did not identify any instances of forced or child labour within the organization or its supply chains, and so no remediation measures have been taken.

6. The training provided to employees on forced labour and child labour

The company has commenced a training plan for existing staff working in supply chain roles within the company to complete training on modern slavery.

The organisation will require any new hires working in supply chain roles to complete an online training course by February 28, 2025.

The organisation's modern slavery training will cover:

- the development of procurement practices to prevent purchases at unrealistically low prices, the use of labour engaged on unrealistically low wages or wages below a country's national minimum wage, or the provision of products by an unrealistic deadline;
- how to assess the risk of slavery and human trafficking in relation to various aspects of the business, including resources and support available;
- how to identify the signs of slavery and human trafficking;
- what initial steps should be taken if slavery or human trafficking is suspected;
- how to escalate potential slavery or human trafficking issues to the relevant parties within the organisation;
- what messages, business incentives or guidance can be given to suppliers and other business partners and contractors to implement anti-slavery policies; and
- what steps the organisation should take if suppliers or contractors do not implement anti-slavery policies in high-risk scenarios, including their removal from the organisation's supply chains.

7. How the entity assesses its effectiveness in ensuring that forced labour and child labour are not being used in its business and supply chains

The following are the steps that will be taken to monitor the effectiveness of Kerr's efforts to manage the risk of forced labour and child labour:

(a) Supplier Assessments:

Self-Assessment Questionnaires: Request new suppliers to complete self-assessment questionnaires regarding their labour practices.

(b) Stakeholder Engagement:

Employee Training: Conduct ongoing training sessions for employees, on recognizing and preventing forced and child labour.

(c) Supply Chain Transparency:

Supply Chain Mapping: Map Kerr's supply chain to identify high-risk areas and ensure visibility at all levels.

Public Reporting: Publish regular reports on supply chain practices, including steps taken to mitigate forced and child labour risks.

(d) Continuous Improvement:

Feedback Loops: Establish feedback loops with suppliers to discuss findings and collaboratively develop action plans for improvement.

Best Practices: Stay updated on industry best practices and incorporate them into your processes to enhance effectiveness.

(e) Certifications and Standards:

Supplier Certifications: Encourage and request suppliers to obtain certifications from recognized organizations that audit labour practices.

(f) Management Reviews:

Regular Reviews: Conduct regular management reviews of the effectiveness of the risk management process.

Strategic Adjustments: Make strategic adjustments to policies and procedures based on the outcomes of these reviews to continually improve the process.

Approval

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.

Trevor Pitcher

Vice President, Finance

May 28, 2025



I have the authority to bind Kerr Controls Limited & Kerr Investments Limited