

May 28, 2025

Modern Slavery and Human Trafficking Statement

For the Fiscal Year Ending December 31, 2024

This report is made on behalf of Next Plumbing and Hydronic Supply Inc. (“NEXT”) pursuant to Section 11 of the *Fighting Against Forced Labour and Child Labour in Supply Chain Act* covering the fiscal year January 1, 2024, to December 31, 2024. NEXT is committed to complying with applicable laws and to acting with care, integrity, and responsibility when it deals with its employees, customers, suppliers, and community. We do not tolerate any form of slavery or human trafficking in our operations and supply chain. We also recognize the importance of implementing appropriate measures to mitigate the risk of slavery and human trafficking in our operations, either directly or through our suppliers.

Structure and Supply Chain

NEXT is a leading distributor of plumbing and hydronic products to trade customers. NEXT is designed specifically to service the contractor with everything they need, faster, to save them time and money, with the lowest installed cost. NEXT operates in the Southern Ontario market with a head office in Vaughan and 16 locations predominantly in the GTA and surrounding markets.

NEXT employs over 350 full time employees. NEXT has approximately 1000 suppliers, of which the majority are predominantly based in North America. Suppliers in North America account for 94% of our spend.

Policies and Due Diligence Processes

NEXT holds itself to high standards of business integrity and ethical conduct. Our core values of being integral to our customers, co-workers, and community, are always fundamental beliefs that, direct our behaviour and morale decision making.

We pride ourselves on the care we take to create an environment for our teams that is safe and free of harassment. We have the following policies and procedures in place to protect our employees throughout their time at NEXT:

- Employee Handbook
- Health and Safety Policy
- Respect in the Workplace – Harassment, Discrimination and Bullying Policy
- Violence in the Workplace Policy
- Disciplinary Procedure

To address modern slavery risks, NEXT continues to maintain and enhance due diligence processes for supplier engagement, onboarding, and review. Our procurement and sourcing activities are guided by ethical business standards, and we are working to formalize our expectations through the development of a Supplier Code of Conduct, which is now complete.

Risk Assessment

During the Reporting Period, the main area of risk identified was the supply chain for products that NEXT purchases for resale, particularly goods originating outside North America. To mitigate this risk, NEXT conducted site visits of overseas suppliers as part of our ongoing due diligence efforts. The goal is to perform periodic visits to these sites to gain deeper visibility into working conditions and reinforce supplier accountability.

In addition, we continue to work closely with a third-party consultant based overseas to facilitate more frequent engagement and oversight. Each year, we also obtain an updated statistic risk assessment of forced and child labour based on the Global Slavery Index to identify high risk countries.

Due Diligence Measures

In 2024, NEXT advanced its due diligence framework by completing a draft Supplier Code of Conduct and preparing it for distribution. In 2025, we will formally issue the code to all suppliers for their acknowledgment, setting clear expectations related to human rights, labour practices, and ethical sourcing.

Additionally, in 2024, NEXT developed a Purchasing Policy to support responsible procurement practices. This policy outlines key expectations for ethical sourcing, supplier accountability, and risk management. In 2025, this policy will be formally communicated internally to relevant teams to ensure alignment with our anti-slavery objectives.

Our broader approach to due diligence remains centered on transparency, long-term supplier relationships, and proactive risk management.

Remediation Measures

During the reporting period, NEXT has not identified the existence of forced labour or child labour in its operations or supply chain. In the event such an issue is discovered, NEXT will work to develop and implement a corrective plan to improve and remedy the situation. As of the date of this report, NEXT has not undertaken any measures to remediate the loss of income or specific activities for vulnerable families to remediate slavery and human trafficking in our supply chain.

Training

In 2024, NEXT began developing mandatory modern slavery awareness training for key personnel, including:

- Senior management
- Procurement and sourcing staff
- Employees with supplier engagement responsibilities

Training materials will focus on an overview of Canada's approach to modern slavery, including the key elements of the Act, NEXT risk mitigation efforts, and how employees can assist in identifying and mitigating forced labour and child labour within our business, and knowing how to escalate concerns. Rollout of this training is scheduled for 2025, with annual refreshers planned thereafter.

Assessing Effectiveness

NEXT evaluates the effectiveness of its modern slavery measures through:

- Ongoing supplier assessments and engagement
- Monitoring of country-level risk data
- Review and update of policies, procedures, and internal controls
- Feedback from internal training and stakeholder input

We will continue to review, reassess, and further develop our anti-slavery and human trafficking plans, not only to ensure compliance with the law but also to ensure that we fulfil our core values as expressed in this report.

Collectively, this report, the policies, processes, and procedures described herein, are all designed to ensure that NEXT and its suppliers at every level are committed to maintaining a workplace and supply chain free of slavery and human trafficking.

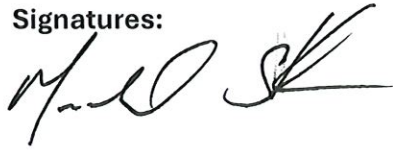
Approval and Attestation

In accordance with the Fighting Against Forced Labour and Child Labour in Supply Chains Act, and specifically section 11 thereof, I attest that I have reviewed the information contained in this report. Based on my knowledge and having exercised reasonable diligence, I confirm that the information contained herein is true, accurate, and complete in all material respects for the purpose of the Act, for the reporting year listed above.

Approval

This report was approved by the Board of Directors of Next Plumbing and Hydronic Supply Inc. on May 28, 2025.

Signatures:



Full Name: Michael Storfer

Title: Chief Executive Officer

Date: May 28, 2025

I have the authority to bind Next Plumbing and Hydronic Supply Inc.