



Smardt’s Report–Fighting Against Forced Labour and Child Labour in Supply Chain

To: The Minister
 From: Board of Directors, Smardt Inc
 Date: 8 April 2025
Subject: Smardt’s Report–Fighting against Forced Labour and Child Labour in Supply Chain

Reporting period January 01-December 31, 2024

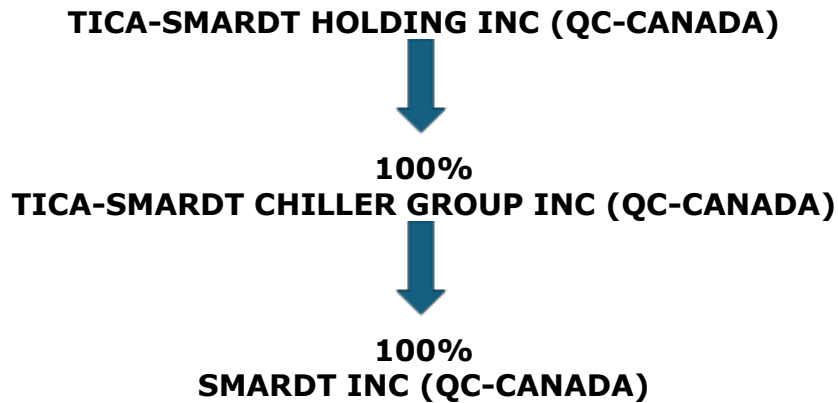
INTRODUCTION

This report is made pursuant to the Fighting Against Forced Labour and Child Labour in Supply Chains Act (Canada) (the “Act”). Smardt Inc. (“Smardt”) is committed to conducting business ethically and sustainably. We recognize the importance of upholding human rights and ethical standards in all aspects of our operations.

COMPANY DETAILS

Smardt Inc. was founded in 2004.
 Registry ID: 1162482542
 Jurisdiction: Quebec (Canada)
 Registered Address: 1840 Autoroute Trans Canadienne, DORVAL Québec H9P1H7 Canada
 Number Of Employees: 221 (As of December 31, 2024)

COMPANY ORGANIZATIONAL CHART



ACTIVITIES AND SUPPLY CHAIN

Smardt manufactures and supplies high-efficiency oil free chillers. We source materials and components from a network of suppliers across the globe.

We have not identified any forced labour or child labour in our activities and supply chain. Nevertheless, the business’ supply chain is a potential risk. Currently the entity is beginning its analysis of its tier-one suppliers to identify the use of any forced or child labour. In such cases it is the entity’s position to educate the tier 1 supplier to effect change. Further, we screen tier-one suppliers via World-Check One on an ongoing basis to ensure no supplier is found to be using forced or child labour.

Smardt recognizes the importance of understanding our supply chains to identify and mitigate the risk of modern slavery. We are committed to taking all necessary steps to prevent and mitigate these risks.



POLICY AND DUE DILIGENCE PROCESS

Smardt has committed to fight against modern slavery, human trafficking and forced labour and ensure that they do not take place in any part of our business or supply chains. Our perseverance is also reflected in our due diligence process, Modern Slavery Statement and Policy.

MODERN SLAVERY STATEMENT

We prepared our second modern slavery policy statement in line with Australia's Modern Slavery Act 2018 which is available on our website. We also researched the statements of others in our industry or other global businesses to educate ourselves on the type of content to consider and practices we should adopt to actively participate in combatting forced and child labour in general. Moving forward, compliance with the UK—Modern Slavery Act 2015 and the California transparency in supply chains Act will be required for the next reporting period.

MODERN SLAVERY POLICY

The Modern Slavery policy was prepared in line with our commitment to a zero-tolerance approach to modern slavery and sets out our expectations for ethical labour practices throughout our supply chain.

SUPPLIER DUE DILIGENCE—RISK ASSESSMENT

In 2024 we completed a review of suppliers using the London Stock Exchange Group's World Check One feature which continues ongoing screening of our suppliers on a regular basis against various law enforcement, regulatory body, sanctions lists and more. In addition, we revised our due diligence process to include an additional layer of verification of our suppliers after they were assessed through World Check One to ensure timely and appropriate decisions are taken regarding our relationship. This verification includes additional local searches and enquiries directly with the supplier. Our ongoing risk assessment includes the consideration of the geographic location of our suppliers to avoid or mitigate business relationships with third parties in known high risk modern slavery areas; staying abreast of any news reported in the Bureau of Industry and Security (BIS.gov) press releases to react to any third-party business which may be identified on such lists; and reviewing other sources of information for practices such as corruption and bribery, because it may be a precursor to forced labour and human trafficking behaviors.

AWARENESS TRAINING

Regional awareness training was provided to staff in all regions which explained the definition of modern slavery, provided information on red flags to identify such practices in the workplace or among suppliers; provided a quiz to said staff to ensure comprehension; developed a process to report and investigate any claims of modern slavery either in the workplace or among suppliers; and created a dedicated email address for all employees to use to raise concerns, report on the matter or ask questions.

REMEDIATION OF ANY FORCED LABOUR OR CHILD LABOUR AND LOSS OF INCOME

Our supply chain is vast and ever-growing, which means we are constantly striving to ensure we meet our clients' needs with quality products. During the period from 1st January 2024 to 31st December 2024 which this report covers, we were not made aware of any slavery activities against any of our suppliers, but if we were, our supply chain team and regional leaders would act immediately and report such an activity via our whistleblower platform and/or directly to the appropriate authorities.

REPORTING

Smardt has committed to establishing a reporting mechanism. Through our whistleblowing channel we will encourage employees and other stakeholders to report any potential concerns of modern slavery and human trafficking in our operations or supply chains while keeping their anonymity.

ACTIONS

During the reporting period, the following actions were taken during the reporting period.

- We were developing a whistleblowing channel for employees to report concerns in the workplace such as forced labour/modern slavery.
- We were undertaking ongoing screening of our suppliers, vendors and sales representatives for any bad behavior such as forced labour and child labour.
- We kept monitoring laws in jurisdictions in which we have an operating presence to verify the compliance requirements and prepare the required statements.
- We implemented a due diligence process to mitigate the risk of modern slavery in our supply chains.
- We developed a Modern Slavery Policy that outlines our commitment to preventing modern slavery and human trafficking in our business and supply chains.



EFFECTIVENESS

Smardt is committed to continuous improvement in our efforts to prevent and eliminate modern slavery. In the coming years, our focus will be on the following:

- Identify one key performance indicator to implement and assess effectiveness in the future by measuring how many employees have received specific training and know how to report suspicions of Slavery.
- Implement a whistleblowing channel and training material to teach how to report concerns.
- Engage our suppliers through a questionnaire to gather more detailed information on their labour practices.
- Conduct audits when information is received through the reporting channels or screening mechanism.
- Review our Modern Slavery Policy and due diligence process to ensure ethical business practices.

This report covers the period from the 1 January-31 December 2024 and has been approved by the boards of directors of the following entities in April 2025.

Albert Yam
Board Director
Smardt Inc.