

Modern Slavery Report - 2024

1. Introduction

This Modern Slavery Report (“**Report**”) is prepared by National Energy Equipment Inc. (“**NEEI**” or “**we**” or “**our**”) for the financial year ending 31st March 2025 (the “**Reporting Period**”). This is the second report prepared by NEEI pursuant to Canada’s new *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (S.C. 2023, c. 9) (the “**Act**”).

2. Steps Taken to Prevent and Reduce Risks Of Forced Labour and Child Labour

National Energy Equipment Inc. is firmly committed to protecting individuals from the exploitations of illegal labour practices such as child labour, forced labour and slavery. We will therefore comply with all relevant and applicable local and international laws pertaining to illegal labour practices.

In the Reporting Period, the following further steps were taken to prevent and reduce the risks of child labour and forced labour in our business and supply chains:

- Assessed the country of origin of typical goods procured
- Reviewed ways to assess forced/child labour risk of those countries
- Promoted new training material for our import-related buyers to go through, to raise their awareness on such supply chain risks

Further, we will not knowingly contract with or carry on a business relationship with any organization or employer that does not adhere to the same standards, or is in violation of any relevant or applicable labour laws.

3. Structure, Activities and Supply Chains

3.1 *Structure*

NEEI is a Canadian-owned, federally-incorporated private company with over 500 employees, organised in 22 branch offices and/or warehouses across Canada. The head office is in Mississauga, Ontario.

3.2 *Activities*

NEEI is the largest distributor of energy equipment products in Canada. We primarily wholesale and distribute equipment and parts for world-class manufacturers who have established brands in the downstream oil and gas sector, and in residential and light commercial HVAC and fireplace applications. We also provide design, consulting and field maintenance services for the equipment that we sell.

3.3 *Supply Chain*

NEEI has long-term distribution agreements with most of our over 100 core equipment manufacturers. Equipment is primarily manufactured in countries signatory to the United States-Canada-Mexico Agreement (“**USMCA**”) – i.e. Canada, the United States and Mexico – given the stringent regulations surrounding such equipment. A smaller proportion of equipment is made in other countries, including but not limited to China,

Finland, Italy, Thailand, Netherlands and Belgium. Given the labour protections in these jurisdictions, NEEI regards the likelihood of child or forced labour in its supply chains as low. Regardless of where equipment and parts are produced, the manufacturers that we engage with keep a strong control on production and assembly. We then purchase these goods from our manufacturers' sourcing locations either in Canada or elsewhere, with the largest proportion being via USMCA imports.

We also use over 500 service providers and sub-contractors to assist us in our distribution activities and field maintenance delivery, including but not limited to freight companies, specialized sub-contractors, and engineers.

4. Policies and Due Diligence Processes

In the last Reporting Period, NEEI reviewed its fundamental employee policies in an effort to educate our employees on responsible business conduct, particularly as related to the Act.

The following policies were amended, and we have noticed increase awareness within the company:

- Reviewed our Code of Conduct policy to ensure relevancy
- Updated our Recruitment and Selection policy

5. Forced Labour and Child Labour Risks

A complete review of our supply chains was not completed during the Reporting Period. As elaborated in section 3. above, NEEI has long-standing agreements with established manufacturers and service providers. While this forms a more solid basis to maintain a relationship based on mutual respect, ethics and integrity – in line with NEEI's Code of Conduct – during this Reporting Period, we assessed the country of origins of typical goods procured, using data available. Below are the findings:

Country of Origin	Proportion of Procured Goods
USA	65%
Canada	19%
China	7%
Mexico	4%
Finland	2%
Italy	1%
Thailand	1%
Netherlands	0.50%
Belgium	0.50%
All other countries	1%

Based on this review, 92% of goods procured by the company originate from countries within the USMCA trade area or Europe, which may on the face it seem to be a positive thing. However, we then reviewed ways to assess any forced labour and child labour risks that may arise within these jurisdictions, but have yet to agree on a suitable measure as there are several (e.g. Global Slavery Index, TVPA, etc).

6. Remediation Measures

No measures have been taken by NEEI to remediate forced labour or child labour in their activities and supply chains and as such, this information is not available for the Reporting Period.

7. Remediation of Loss Of Income

NEEI has not taken measures with respect to remediating any loss of income to vulnerable families resulting from measures taken to eliminate the use of forced labour or child labour in their activities and supply chains, as no specific actions are necessary at this time.

8. Training

All new NEEI employees receive mandatory onboarding training, which includes in-depth review of the Code of Conduct, as described in section 4.1 above. Their employment is then conditional on them signing off that they will abide by the Code of Conduct and maintain the principles therein.

We have also prepared in-house training materials specifically for employees procuring imported goods, to raise their awareness on such supply chain risks related to child labour and forced labour.

9. Assessing Effectiveness

NEEI believes in advocating for positive change. We have not yet assessed the risk of forced labour or child labour in our activities and supply chains, and thus have not set any effectiveness measures.

10. Approval and Attestation


This Report was approved by the President of NEEI for the financial year ended 31st March, 2025, pursuant to paragraph 11(4)(a) of the Act.

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 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 make the above attestation in my capacity as President of NEEI for and on behalf of NEEI.

Nama Namasivayam

President

A handwritten signature in black ink, appearing to be 'Nama Namasivayam', is written over the date.

15th May 2025

I have the authority to bind National Energy Equipment Inc.