



Preventing and Reducing the Risk of Forced Labour or Child Labour in Supply Chains

May 31, 2024

This report is being submitted by Thermo Design Engineering Ltd., a private limited company operating under business number 105246664 with headquarters in Edmonton, Alberta, Canada. This is not a revised version of a report previously submitted for this reporting year. This is not a joint report. Thermo Design Engineering Ltd. is not subject to reporting requirements under supply chain legislation in another jurisdiction.

This statement is pursuant to Bill S-211, an Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tarrif. It outlines the approach and initiative by Thermo Design Engineering Ltd. to identify and address the risks of forced labour and child labour in its business operations and supply chains during the financial year commencing May 1, 2023 and ending April 30, 2024.

Corporate Structure and Business Operations

Established in 1979, Thermo Design Engineering Ltd. is a Canadian-owned and recognized world leader in design, engineering, manufacturing, installation, and construction of energy facilities and sustainable projects around the world. Thermo Design Engineering Ltd. has approximately 300 employees with offices in Edmonton, Nisku, and Calgary, Alberta, Canada.

In the previous financial year, Thermo Design Engineering Ltd. operated in one or more of the following industries: agriculture, mining, oil and gas extraction, utilities, construction, manufacturing, professional, scientific and technical Services, and renewable energy and fuels.

Thermo Design Engineering Ltd. is involved in the following activities: producing goods in Canada, selling and distributing goods in Canada, selling and distributing goods outside of Canada, and importing into Canada goods that are produced outside of Canada.

Supply Chain

Thermo Design Engineering Ltd. purchases a broad range of materials, components, and services from approximately 1470 approved suppliers in 23 countries. Thermo Design Engineering Ltd.'s supplier approval process is governed by an integrated quality management system and includes a review of corporate policies, health and safety manuals, quality manuals, financial reports, and business critical procedures.



In alignment with ISO standards, Thermo Design Engineering Ltd.'s pre-qualification process includes documentation reviews, risk assessments, and on-site local audits to vet suppliers thoroughly. Approved vendors undergo yearly evaluations to reassess initial criteria and incorporate additional focus and criteria relevant to Bill S-211 requirements. These annual re-evaluations ensure our suppliers continuously comply with all necessary regulations and ethical standards; reinforcing our commitment to a compliant and responsible supply chain and prevention of exploitative acts such as human trafficking, child labour, and forced labour.

Risks in Supply Chain

Thermo Design Engineering Ltd. has initiated efforts to identify parts of our activities and supply chains that may carry increased risk of forced labor or child labor. Addressing these potential risks is an ongoing process that necessitates a multi-pronged approach. We are committed to continually improving our efforts in this area, and the specific actions we have taken are listed below. This outlines our dedication to identifying and mitigating such risks.

Actions Taken

Thermo Design Engineering Ltd. has taken the following steps to prevent and reduce the risk of forced labour or child labour:

- Developing and implementing due diligence policies and processes for identifying, addressing and prohibiting the use of forced labour and/or child labour in the organization's activities and supply chains. This includes a Human Rights Policy (TDE-CR-POL-0005), a Supply Chain Code of Conduct Policy (TDE-CR-POL-0004), and a formal supplier pre-qualification and re-evaluation process.
- Requiring suppliers to have in place policies and procedures for identifying and prohibiting the use of forced labour and/or child labour in their activities and supply chains. This is a required component of Thermo Design Engineering Ltd.'s supplier pre-qualification and re-evaluation process. Thermo Design Engineering Ltd. will not knowingly conduct business with a supplier who is engaged in forced labour or child labour.
- Developing and implementing grievance mechanisms. This includes a Whistleblower Protection Procedure and Policy (TDE-HR-PRO-0017) which provides a framework for management to address concerns regarding violations of policies and procedures.
- Developing and implementing anti-forced labour and/or anti-child labour contractual clauses.
- Revising purchase order standard terms and conditions to include a compliance provision.



Remediation

Up to the date of this report, Thermo Design Engineering Ltd. has not identified any instances of forced labor or child labor within its activities and supply chains. As a result, no remediation measures have been taken.

Thermo Design Engineering Ltd. has not identified any loss of income to vulnerable families resulting from measures taken to eliminate the use of forced labour or child labour in its activities and supply chains. Consequently, there have been no remediation measures implemented.

Training

Thermo Design Engineering Ltd. provides mandatory orientation training for all employees and independent contractors. This training is developed by Thermo Design Engineering Ltd. and covers policies and procedures concerning forced labor, child labor, human rights, grievance processes, and ethical supply chains. Upon initial employment and annually thereafter, all staff members, including senior and executive management, must review and formally acknowledge these policies through an online portal.

Effectiveness Assessment

Thermo Design Engineering Ltd. is working to implement the following methods to assess their effectiveness in ensuring that forced labour and child labour are not being used in its activities and supply chains:

- Setting up a regular review or audit of the organization's policies and procedures related to forced labour and child labour.
- Tracking relevant performance indicators, such as levels of employee awareness, numbers of cases reported and solved through grievance mechanisms, and numbers of contracts with anti-forced labour and anti-child labour clauses.
- Annual auditing on the application and effectiveness of Thermo Design Engineering Ltd.'s supplier pre-qualification and re-evaluation processes in relation to forced labour and child labour.
- Yearly development of future reporting including feasible and practical local audits with an emphasis on "up-stream" supply chain compliance.
- Maintaining open and transparent lines of communication with all of our service providers should there be third party reported risks of non-compliance.



- Performing local stakeholder engagement, which may include business partners, clients and local communities to gather insight and feedback on labour practices within their supply chains. This feedback could then be used to inform and improve practices.
- Exploring and engaging with independent organizations to verify compliance with labour standards, and using their findings to validate internal assessments and identify areas for improvement.

Attestation

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. I have the authority to bind Thermo Design Engineering Ltd.

Sean Montgomery

Full Name

President

Title

May 31, 2024

Date

Signature