

Copeland's Fighting Against Forced Labour and Child Labour in Supply Chains Report (2024)

ABOUT THIS REPORT

Copeland Canada Inc. ("**Copeland**", "**we**", "**our**" or "**us**") has prepared this report (the "**Report**") being submitted pursuant to Section 11 of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "**Act**") for the financial year ended December 31, 2024 (the "**Reporting Period**").

This Report describes the continued efforts being taken to enhance the transparency in our supply chains by outlining the steps taken during the 2024 financial year to prevent and reduce the risk that forced labour or child labour ("**Modern Slavery**") is used at any step of the production of goods in Canada or elsewhere, or of goods imported into Canada. This has been done in accordance with the mandatory reporting criteria outlined in Sections 11(1) and 11(3) of the Act.¹

COMPANY STRUCTURE, ACTIVITIES AND SUPPLY CHAIN

Company Structure

Copeland is owned by Blackstone that operates as a global climate technologies company. We operate independently but collaborate within a global framework leveraging their strengths to advance climate technologies and benefit from the global Copeland Ethics and Compliance Program.

Copeland is headquartered in Brantford, Ontario, with another location in Quebec. In Canada, Copeland employed 185 employees as of December 31, 2024. These employees consist of skilled employees engaged in the work related to our manufacturing and distribution business activities.

Activities

Copeland is a global provider of sustainable climate solutions that combines category-leading brands in compression, controls, software and monitoring for heating, cooling and refrigeration. With best-in-class engineering and design and the broadest portfolio of modulated solutions, we're not just setting the standard for compressor leadership; we're pioneering its evolution.

Combining our technology with our smart energy management solutions, we can regulate, track and optimize conditions to help protect temperature-sensitive goods over land and sea, while delivering comfort in any space. Through energy-efficient products, regulation-ready solutions and expertise, we're revolutionizing the next generation of climate technology for the better.

In Canada, Copeland, is a distributor of compressors intended for residential, commercial and industrial sectors, including condensing units, hydrofluorocarbon products and refrigerants and scroll compressors for use in heat pumps, refrigeration and air conditioning, thereby improving energy efficiency while reducing carbon emissions. Our Quebec location manufactures energy efficient thermostats for use in hotels, assisted living facilities and student housing.

¹ Copeland does not report in other jurisdictions under similar regimes.

We serve various industries, including:

- Aftermarket
- Commercial & Residential Construction
- Energy & Utilities
- Food Retail & Grocery
- Industrial Processing

Supply Chains

In the Reporting Period, we contracted with approximately 85 suppliers who supplied us with Compressors, controls, thermostats, heat pumps ("**Suppliers**"). The majority of our Suppliers, approximately 85%, are based in North America. Specifically, 1% of our Suppliers are based in Canada, 80% are based in the United States and 2% in Mexico. Our remaining Suppliers are based in Germany, China, Italy and Israel. Despite this, we appreciate that some of our Suppliers may supply us with products that originate from other jurisdictions.

POLICIES AND DUE DILIGENCE

At Copeland, we value our reputation for integrity. Inappropriate or illegal activity is not acceptable at any level, or under any circumstances. As part of our commitment to upholding the highest ethical standards when working with customers, suppliers, governments, the public, and each other, we are guided by the Copeland Ethics and Compliance Program (the "**Compliance Program**").

The Compliance Program includes the following primary guidance documents:

- Employee Code of Conduct (the "[Code](#)");
- Supplier Code of Conduct (the "[Supplier Code](#)"); and
- Code of Ethics for Business Partners (the "[Business Partner Code](#)").

The Code

The Code applies to everyone at all levels of our company, all the way up to our most senior leaders. And it extends to our dedication to act in an environmentally responsible manner and to cultivate a workplace that respects individuals, strictly prohibits discrimination or harassment, and fosters diversity, equity and inclusion. Our Code explains corporate policies and identifies support options for employees to ensure they always understand appropriate courses of action, or where to go with any questions or concerns.

At Copeland, we expect that our employees read and familiarize themselves with the policies contained in the Code and understand that the Code is a global document that sets baseline standards for how we do business. The expectation is that all officers, directors, and employees will at all times act in accordance with all laws, rules, and regulations applicable to Copeland and its business operations. In any case where local law sets a higher standard, the local law applies. These general rules and standards are supplemented with local rules and policies for each of Copeland's business units.

The Supplier Code

As a technology and engineering company with manufacturing facilities around the world, we at Copeland view our corporate social responsibility broadly and seriously. Our purpose as a company is to drive innovation that makes the world healthier, safer, smarter, and more sustainable. As such, we strive to deliver to our customers sustainable solutions that improve efficiency, reduce emissions, and conserve resources and we look to our Suppliers to share, project and protect our values and principles.

Copeland expects our business partners to demonstrate responsibility and a firm commitment to integrity, respect, fairness and honesty to both people and the environment. As our suppliers play a central role in our sustainability-oriented value chain, we require all our Suppliers to familiarize themselves with the Supplier Code of Conduct as we expect each partner to understand and adhere to these principles within their businesses and throughout their entire supply chain.

In addition to other standards in the Supplier Code of Conduct, Copeland:

- Requires our Suppliers to operate with reasonable working hours and to maintain a positive and productive work environment consistent with commonly accepted practices in each location;
- Will not tolerate the use of child labor and we forbid our suppliers to use child labor in their operations or within their supply chain; and
- Will not tolerate, and we forbid our suppliers to use any form of forced, bonded or indentured labor, debt or involuntary servitude, any other form of modern slavery, or involuntary prison work in their operations or within their supply chain. Further, compensation practices should comply with applicable wage laws, including those relating to minimum wages, overtime compensation and legally mandated benefits.

The Business Partner Code

Copeland has a long and distinguished tradition of adherence to the highest ethical standards. Copeland intends to maintain these standards in all business dealings. These standards apply in the acquisition of new businesses, as well as to performance of contractual obligations. Improper activities could harm not only Copeland's good reputation, but also those of its Business Partners. Improper activities can also have other adverse consequences for Copeland, its employees and Business Partners. Even the appearance of impropriety could be extremely damaging.

For the purpose of the Business Partner Code, a Business Partner is defined as any non-Copeland company or individual who is: (1) suppliers of products or services to Copeland or (2) customers or purchasers of Copeland products or services. The Business Partner Code outlines Copeland's expectations regarding ethical and business standards. Copeland requires all Business Partners to adhere to this Code.

Some of the expectations in the Business Partner Code are as follows:

- Copeland Business Partners must operate in full compliance with the laws of all applicable jurisdictions, including without limitation the laws, regulations, orders, rules, and requirements of the United Nations, the European Union, and the U.S., as well as those relating to export and re-export control; international trade; human rights and labor; data

protection and privacy; insider information and securities trading; anti-corruption; and product environmental compliance; and

- Copeland Business Partners must have reasonable working conditions in each of their facilities that meet or exceed all applicable laws and regulations. Business Partners must also prohibit discrimination or harassment against any employee or applicant on the basis of race, color, religion, sex, sexual orientation, age, disability, national origin and any other factor deemed unlawful in the location for which the partner's business(es) is located. Copeland Business Partners must not use exploitative practices involving coercion and/or deception that aim to exact involuntary work or service from people, including forced labor, child labor, debt bondage, domestic servitude, and human trafficking.

Additionally, the Business Partner Code applies to sub-contractor(s) of a Business Partner, providing goods or services to that Business Partner and the Business Partner is fully responsible for ensuring compliance by any such sub-contractor(s) as if it/they were the Business Partner itself.

Copeland's Ethics Reporting Lines

We have an established reporting line and email where anyone at Copeland may report potential or actual compliance. The Ethics Reporting Hotline is accessible globally by web, mobile or phone 24 hours a day, 7 days a week, 365 days a year.

The reporting lines are anonymous, if requested by the employee and we encourage the reporting of all potential violations and do not tolerate punitive or retaliatory action taken against any employee for making a report in good faith.

Copeland's Supplier Screening

At Copeland, our top suppliers are screened through either the Supplier Self-Assessment Survey (the "**Survey**") implemented in late 2023 or the prior screening program that was maintained by our predecessor parent company (the "**Legacy Screening Program**"). The Survey is imposed at a global level and all suppliers with highest-spending are expected to complete it. Upon completion of the Survey, each supplier is assigned a rating based on their sustainable activities via our global Copeland scorecard

The Survey is annual and includes an acknowledgement of the Supplier Code followed by a number of questions regarding human rights and labour, environmental policies and business ethics and security. Specifically, there are a number of questions included in the Survey regarding Modern Slavery, treatment of employees and ethical sourcing of raw materials.

POTENTIAL RISKS OF FORCED LABOUR OR CHILD LABOUR IN OUR OPERATIONS AND SUPPLY CHAINS

In 2024, as part of Copeland's ongoing efforts to prevent and reduce the risk of Modern Slavery in our supply chains, we, among other things:

- Released internally Copeland Global Human Rights Policy
- Updated our Code, maintained our Supplier Code of Conduct and Business Partner Code;

- Updated and replaced the Legacy Screening Program with an annual Copeland specific Supplier Code of Conduct Survey- Supplier Self-Assessment Survey.
- Rolled out our Supply Chain risk management strategy by driving continuous risk screenings, media monitoring against including Modern Slavery Risks associated with our Suppliers.
- Engaged in continuous screening of our Supply Chains against Conflict Minerals, protecting human rights.

As we continue to develop as a standalone Company, we are strengthening our new Supplier onboarding program risk management with dedicated Supplier Audit Program, working to develop an exhaustive Sustainability section, continue to selectively rollout our Copeland ABC Due Diligence programs (as applicable, risk based approach), adopting and gradually rolling out global general terms and conditions, international purchase terms to respect human rights and prohibiting suppliers the use of forced labour and/or child labour in their activities and supply chains by the means of dedicated anti-forced labour and/or child labour contractual clauses. Additionally, we have rolled out dedicated Human Resources and Human Rights Copeland Policies, prohibiting the use of forced labour and/or child labour in the organization's activities and supply chains and delivering enhanced internal Code of Conduct training to our Copeland employees, with a dedicated section focusing on Modern Slavery and ways to prevent and reduce the risk of it occurring in our supply chains and operations.

Potential Risks in Our Operations

Copeland considers the risk of Modern Slavery occurring within its operations to be low considering our workforce and our policies and procedures that govern our employment relationships.

From a geographical risk perspective, our employees operate in Canada only, which has a low prevalence of child and forced labour, a low risk of vulnerability to child and forced labour and a fairly robust governmental response addressing child and forced labour.²

Potential Risks in Our Supply Chains

We recognize that the risk of Modern Slavery is higher within our supply chains than in our operations. We understand that certain regions, products and raw materials carry a higher risk of child and forced labour because of the prevalence of child and forced labour in particular countries. There are also risks linked to certain industries even in countries considered to have lower risks of child and forced labour. However, in our view, our risk of Modern Slavery in our Supply Chains is low.

As a global operating company, Copeland engages with a broad network of suppliers. The global nature of procurement and the complexity of supply chains increase the risk of association with human rights abuses. To uphold social standards within its supplier network, Copeland has established a comprehensive risk management process.

Suppliers are obligated through general terms and conditions, international purchase terms, and Copeland's Supplier Code of Conduct to respect human rights, in alignment with the ILO

² Walk Free, Global Slavery Index 2023, found [here](#).

Declaration on Fundamental Principles and Rights at Work. Suppliers are also expected to ensure their own suppliers follow these principles, for instance, by adopting sustainability principles.

In addition to prohibiting child and forced labour, and discrimination, and supporting the right to freedom of association, suppliers are expected to meet health and safety standards and provide proper working conditions.

Human rights respect is a continuous evolving criterion in supplier selection as part of a three-tiered risk management strategy. This approach is refined on an ongoing and involves a risk filter, media monitoring, a sustainability questionnaire- a tailored Copeland questionnaire, as well as internal site inspections and audits to identify high-risk supplier locations and product groups for including human rights violations.

The Compliance and Procurement departments are closely engaged in developing a follow up on any potential standard breaches. If necessary, an escalation process begins, and corrective action plans are developed with the supplier. Failure to take effective corrective measures may lead Copeland to end the business relationship as a last resort.

Based on our assessment of our operations and supply chains, as well as Copeland Global Ethics Hotline reporting, as it relates to the risk of forced labour or child labour being used, we did not identify any instances of child or forced labour. Accordingly, no steps were required to remediate child or forced labour, or the loss of income associated with remediation efforts.

Management and Mitigation of Potential Risks

At Copeland, suppliers play a central role in our value chain, the Supplier Self-Assessment Survey assist to mitigate and manage the potential risks of modern slavery in our supply chains.

Through the Survey, Suppliers are required to provide information including:

- the top three countries Suppliers are sourcing materials from;
- whether Suppliers have written, implemented policies prohibiting Modern Slavery, harsh or inhumane treatment of employees, discrimination and harassment, and policies outlining reasonable working conditions and if not, what suppliers do to ensure such applicable laws are abided by;
- whether Suppliers have written, implemented policies regarding business ethics and whether such policies address issues such as corruption, extortion or bribery, conflict of interest or non-retaliation; and
- whether Suppliers have written, implemented policies requiring ethical sourcing of raw materials, including compliance with laws regarding conflict materials.

TRAINING

In 2024 all of Copeland's employees received an updated training on Copeland's Code of Conduct with a dedicated section on Modern Slavery. This update has been included in our 2024 training materials

ASSESSING EFFECTIVENESS

As part of our Compliance Program, we track all calls into our Ethics Reporting Line. In 2024, we received no calls relating to Modern Slavery. We intend to continue reviewing these statistics to assist in our evaluation of the various aspects of our Compliance Program.

Additionally, as we continue to evaluate our compliance measures in place that are designed to prevent and reduce the risk of Modern Slavery, we intend to consider, where appropriate, implementing measures to assess the effectiveness and exhaustiveness of any of our processes.

BOARD OF DIRECTORS APPROVAL AND ATTESTATION

This Report was Approved by the Board of Directors of Copeland Canada Inc. pursuant to section 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 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 Copeland Canada Inc.

Ryan Garrah
Director, Copeland Canada Inc.
May 12th, 2025