

**STATEMENT ON MODERN SLAVERY, FORCED LABOUR AND CHILD LABOUR
IN SUPPLY CHAINS**

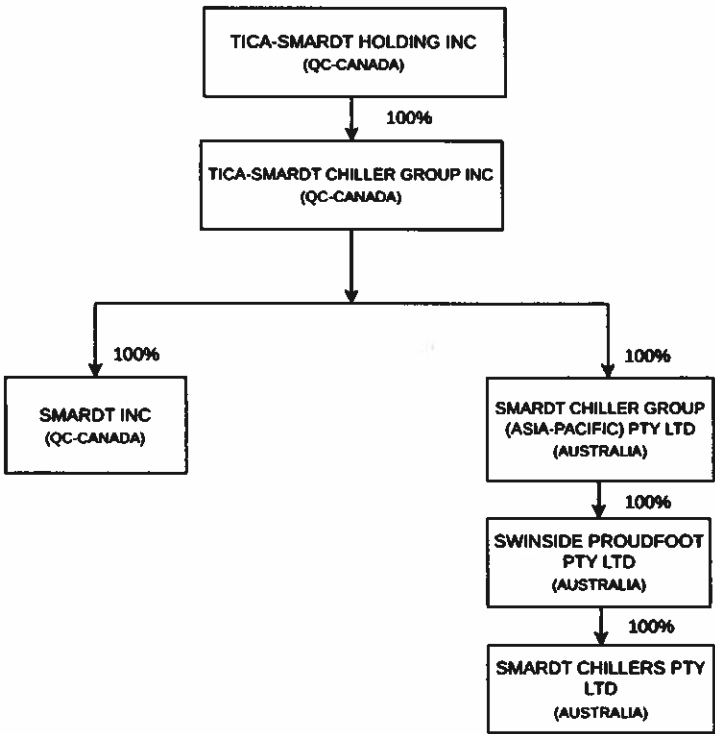
This statement is pursuant to the supply chain transparency requirements in Australia and in Canada. It uses the optional template these two countries developed jointly with the United Kingdom to reduce the administrative burden for organizations subject to their distinct but similar laws on modern slavery and forced labour.

1. ORGANIZATION STRUCTURE, OPERATIONS, ACTIVITES & SUPPLY CHAINS

Organization and supply chain structure

This statement covers the period between January 1st and December 31st, 2025. It is made on behalf of TICA-Smardt Holding Inc. («Smardt») and its subsidiaries, including Smardt Chillers Pty Ltd, which is in purview of Australia’s *Modern Slavery Act 2018*, and Smardt Inc., which is in scope of Canada’s *Fighting Forced Labour and Child Labour in Supply Chains Act*.

Smardt Organizational Chart



Headquartered in Dorval, Canada, Smardt is a heating, ventilation, and air conditioning (HVAC) technology company that employed 922 people as at Dec. 31st, 2025. The privately-held company designs, develops, manufactures and services oil-free chillers, air handling units, heat pumps and related HVAC products that serve a broad range of industrial, commercial and institutional clients such as data center operators, real estate developers, pharmaceutical companies, airports, shipyards, hospitals, and schools.

In 2025, Smardt operated manufacturing and servicing facilities as well as sales offices in Australia, Canada, China, France, Germany, Hong Kong, Malaysia, Singapore, and the United States. At year end, 41% of the company's employees were based in Canada, while 14% were working in Australia.

Smardt manufactures its products in its facilities and does not outsource the assembly of its products. Once completed, the company's products are sold to clients across the world either directly or indirectly through sales channel partners.

Supply chain understanding

Smardt's supply chain can be characterized as extensive and heterogeneous. Our large tier one suppliers such as Smardt's main compressor manufacturer serve all manufacturing facilities. However, the company's manufacturing sites typically source additional components or materials such as copper, plastic, steel or wiring from companies closer to operations. Smardt's most sophisticated products are made from hundreds of subcomponents and parts. For instance, an air cooled chiller on which Smardt conducted a life-cycle analysis in 2025 was assembled from 787 different parts.

In 2025, we purchased goods and services from close to 1500 suppliers across the Americas, the Asia-Pacific region and Europe. Our suppliers operate in several countries including Australia, Canada, China, Denmark, France, Germany, Hong-Kong, Italy, Malaysia, the Netherlands, the United Kingdom, the United States, Singapore, Sweden and Switzerland. We have not mapped out the suppliers of our suppliers.

Modern slavery risk management governance

Smardt's Board of Directors has ultimate oversight over the existing and emerging risks the company faces, including all supply chain related risks. The Board steers how the senior leadership team prioritizes and integrates risk management into strategic decision making. It is kept apprised on those risks by Smardt's newly created Executive Risk Committee, a group of senior executives which monitors the company's most significant risks.

Information gathering

This report was informed by Smardt's risk registers – see *Section 3* – as well as discussions with the company's supply chain and HR team members from the regions where the company operates.

2. POLICIES RELATED TO MODERN SLAVERY, FORCED LABOUR AND CHILD LABOUR

Internal operating policies

Smardt adopted a *Modern Slavery Policy* in 2024. This policy recognizes the importance of upholding human rights across our organization and states our zero-tolerance for modern slavery within our operations and supply chains. With this policy, Smardt committed to complying with the laws related to modern slavery, to identifying forced labour risks in our supply chains, to selecting responsible suppliers, to monitoring our supply chains and to mitigating forced labour risks.

This commitment was reiterated in 2025, in Smardt's new global *Code of Ethics*, which is available in English, French, German and Mandarin. In addition to stating our company's stance against the use of forced labour – including child labour, prison labour and bounded labour –, the company extends these expectations to our suppliers and reserves the right to terminate business relationships should violations be uncovered. Moreover, the Code of Ethics prohibits any threats of violence, harassment and intimidation towards employees.

Finally, any concerns about labour rights abuses, unsafe working conditions or harassment in the workplace can be reported anonymously using the company's whistleblower reporting tool, which is prominently displayed on the company's employee portal. As per the company's *Whistleblower Policy*, adopted in 2024, Smardt prohibits any form of retaliation against an employee who confidentially reports a serious matter in good faith.

International standards

In 2025, Smardt became a signatory to the United Nations Global Compact, a voluntary pledge to uphold Ten Principles which encompass human rights, labour rights, environmental protection and the fight against corruption. The Ten Principles are derived from the *Universal Declaration of Human Rights* and the *International Labour Organization's Declaration on Fundamental Principles and Rights at Work*, amongst other international frameworks.

Stakeholder engagement, communication and enforcement

Smardt employees must familiarize themselves with the company's policies during onboarding and periodically thereafter. In 2025, an internal communication campaign supported the rollout of the new global *Code of Ethics*. That same year, employees in roles with exposure to forced labour risks, such as procurement teams and HR specialists, were also required to complete an online training on modern slavery.

Supplier's policies and continuous improvement

Looking ahead, Smardt intends to strengthen the company's procurement policies and supplier onboarding processes, namely with a formal Supplier Code of Conduct.

3. RISK MANAGEMENT PROCESSES & ASSESSMENT

Risk management processes

At the end of 2025, Smardt established an Enterprise Risk Management system to identify, assess, manage, and mitigate risks across Smardt, including all supply chain related risks. This system combines bottom-up and top-down approaches.

Frontline managers, including supply chain and human resource (HR) managers, are to identify and assess risks that are compiled in risk registers. Functional managers from all regions aggregate and analyze those risks, to provide insights and escalate significant and emerging risks to the newly created Executive Risk Committee. In turn, the Committee assesses the mitigation strategies submitted by the functional managers. Specifically, it selects mitigation strategies, sets policies, allocates resources and directs action that then cascade through the organization.

Within this ERM system that will be fully deployed in 2026, the risk registers are updated on a quarterly basis. Additional desktop research is conducted on an-ongoing basis by the Legal, Risk and Sustainability team to identify areas of vulnerabilities using reports such as the Global Sourcing Risk Index (2025), produced by Oxford Economics and Proxima, and the Global Slavery Index (2023), from Walk Free.

Risk Assessment

No country or economic activity is immune to forced labour, although some geographies and industries are considered at a higher risk. According to EcoVadis, a recognized third-party ESG-rater, the manufacture of general-purpose machinery sector, in which HVAC companies are classified, has a medium risk of child labour, forced labour and human trafficking.

In 2025, Smardt did not operate in countries with a high prevalence of modern slavery, as assessed by the 2023 Global Slavery Index. Using scores out of 100, with 100 considered the highest prevalence of modern slavery, the Global Slavery Index ranked our operating countries in the following way: Australia (7), Canada (11), Germany (11), Singapore (24), the United States (25), Hong Kong (28), Malaysia (37), China (46).

Smardt abides by all minimum working age requirements in the country where it operates and does not employ young workers, i.e., workers that are at or above the minimum working age but under 18.

During peak production periods, Smardt occasionally hires temporary workers in China through recruitment agencies which may include internal migrants. Human rights organizations consider these recruitment agencies as a risk vector for forced labour. To mitigate this risk, Smardt has adopted the following practices: the company diligences its recruitment agencies, pays all recruitment fees associated with the hiring of temporary workers, and contractually establishes the agencies' obligation to : 1) establish a lawful contract with the temporary workers and 2) ensure their lawful working status.

4. DUE DILIGENCE PROCESSES

In 2024, Smardt enhanced its due diligence processes to systematize the verification of its new and existing suppliers. Prior to signing on new suppliers of goods and services, the company undertakes background checks and reputational searches. To that end, it uses tools such as Tianyancha, from Beijing Golden Dike Technology Co., and World-Check One, from the London Stock Exchange Group, which identifies economic, regulatory and environmental litigation as well as political sanctions using governmental and securities and exchange commission databases from around the world. Once suppliers are onboarded, they are subject to World-Check One's on-going online surveillance.

In addition to those verifications, prevention measures include compulsory trainings to the employees most exposed to forced labour risks – see *Section 5*.

For the year covered by this report, Smardt was not made aware of any incidents of forced labour in its supply chains either through external or internal channels such as its whistleblower tipline.

Should Smardt be made aware of forced labour allegations, the company would promptly investigate the incident and engage with the supplier. In the event the supplier was unresponsive to Smardt's concerns, the company reserves the right to terminate the contract or business relationship.

5. TRAININGS ON MODERN SLAVERY, FORCED LABOUR AND CHILD LABOUR

Internal Training

In 2025, employees in roles with exposure to forced labour risks, such as procurement and HR specialists, were required to complete online trainings that were made available in English, French, German, and Mandarin.

According to company registers, 141 employees followed the training on *Modern Slavery in Supply Chains* provided in June and July, while 162 employees followed the training on *Preventing Human Trafficking* in September and October. In addition, a training on *Whistleblowing* was assigned to all employees in the fall of 2025, to encourage reporting of forced labour suspicions, amongst other concerns.

Training materials

These interactive trainings, developed by our training partner, LRN, are designed to define and clarify basic concepts, explain laws and regulations, and increase awareness on forced labour risks. Trainings were selected by the Legal, Risk & Sustainability Team within LRN's library of ethics and compliance classes.

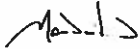
6. SELF-ASSESSMENT OF THE COMPANY'S EFFECTIVENESS IN PREVENTING FORCED LABOUR

In 2025, Smardt consolidated the initiatives that were put in place in the previous years to detect, prevent and report forced labour within its operations. The company also increased the awareness of its employees towards human rights abuses, including forms of modern slavery. Those efforts, which Smardt intends to pursue, represent meaningful progress.

However, the company's knowledge of the direct suppliers of its suppliers remains quite limited. Moreover, mapping Smardt's supply chain is challenging because the company deals with hundreds of small suppliers with varying and often limited maturity. Nonetheless, this obstacle will not detract Smardt from furthering the company's efforts to reduce its exposure to forced labour risks.

Looking ahead, Smardt intends to improve the company's knowledge of its supply chain. The company is developing a strategy to categorize our business partners into risk categories and to focus our limited resources on the suppliers that are most at risk of forced labour.

This statement covers the period from the 1 January-31 December 2025 and has been approved by the boards of directors of the following entities in May 2026.



Albert Yam

CEO and Board Director

May 29th, 2026