

May 31st, 2024

Fighting Against Forced Labour and Child Labour in Supply Chains Statement

This statement has been prepared by Independent Mechanical Supply Inc., in 2024 pursuant to the Fighting Against Forced Labour and Child Labour in Supply Chains Act. This statement describes our commitment and actions we are taking to fight against forced labour and child labour in our supply chain. Independent Mechanical Supply Inc. is opposed to all forms of forced labour and child labour and is committed to working to prevent the risk of any occurrence in our operations and supply chains.

Ethics and Compliance

Independent Mechanical Supply Inc. is committed to ethics and integrity in all we do. Independent Mechanical Supply Inc. is committed to ensuring on the long term that its management, employees, and suppliers take appropriate steps to mitigate the risk of forced labour and child labour from occurring in all aspects of our supply chain. We are currently reviewing and proposing enhancements to our various supply chains as well as determining the types of training and awareness we will provide to our employees and suppliers in the long term, to ensure continued relevancy and effectiveness.

Internal Accountability

Independent Mechanical Supply Inc. ensures that employees understand our policies which include prevention of forced labour and child labour, at the time of hire and on an ongoing basis. New employees must certify they understand and will adhere to these policies. Employees found to be in violation of these policies are subject to discipline, up to and including termination.

Supplier Due Diligence and Compliance

Independent Mechanical Supply Inc. is working towards requiring that all suppliers act with ethics and integrity. Independent Mechanical Supply Inc. plans to put in place on the long term an established due diligence process for prospective and existing suppliers. Details of this process will be communicated as soon as it has been implemented.

We are committed to putting procedures in place to request that our major suppliers confirm that forced labour and child labour is not used in the performance of work and to adhere to regulations prohibiting modern slavery. We may terminate a contract or other agreement with a third party if we discover or suspect any misconduct contrary to this.

Staffing Vendors

To ensure that our staffing vendors adhere to the highest standards of ethical practices and compliance with labour laws, protecting the rights and well-being of all workers involved, we partner exclusively with recruitment and placement agencies that are licensed by the Ontario government.

Reporting of Potential Violations

We expect and ask our employees and business partners to raise concerns regarding potential violations of our, policies or law, including forced labour and child labour or other modern slavery practices. We encourage reporting of concerns without fear of retaliation. We investigate allegations of misconduct and take appropriate steps, including corrective action when allegations are substantiated.

Continuous Improvement/Looking Forward

We strive to constantly improve as a company and citizen of the communities and industries in which we operate and are actively working to fortify our supplier due diligence policies in accordance with the evolving social and legal landscape where we do business.

For the purposes of compliance with the Fighting Against Forced Labour and Child Labour in Supply Chains Act., this statement has been approved by the owners of Independent Mechanical Supply Inc. and signed by the undersigned in their capacity as owners of that entity.



Greg Tester
President



Paul Blaik
Vice President



Dave Walker
Chief Financial Offer

Fighting Against Modern Slavery Report

Introduction

Independent Mechanical Supply Inc. (“IMS”, “Us”, “We”, or “Our”) is committed to upholding the highest standards of ethics and social responsibility. IMS has zero tolerance for forced labour in any form and recognizes our duty to ensure that our operations, as well as those of our suppliers and partners, do not contribute to or benefit from such practices. This report has been prepared and published in accordance with the *Fighting Against Forced Labour and Child Labour in Supply Chains Act, S.C. 2023, c. 9 (the “Act”)*; and it describes our commitment to combatting forced and child labour in our operations and actions we have taken in the Fiscal Year 2024 and will take going forward.

Overview

Independent Mechanical Supply Inc. is a Corporation, with approximately 165 employees, all located in Ontario, Canada, owned and operated by David Walker, CFO, Paul Blaik, Vice President, and Greg Tester, President. The head office is located in Rexdale, Ontario, Canada, with another administrative office in Mississauga, Ontario, Canada, a branch in Scarborough, Ontario Canada, and Oakville, Ontario Canada, and with storage facilities in Rexdale, Scarborough, and Oakville.

IMS is a wholesaler of mechanical plumbing and heating materials, related to plumbing, hydronics, HVAC, adhesives, sealants, tapes, electrical, fasteners and hardware, irrigation, pipes, tubes and fittings, tools and instruments, valves, waterworks, pumps and motors; primarily serving customers in the GTA. IMS is a wholesale supplier and does not manufacture products. IMS stores and ships materials in and from all of the locations mentioned above except for the Mississauga office.

Our supply chain is structured to support the efficient procurement and distribution of a wide range of mechanical supplies and components. It encompasses multiple stages, from purchasing materials to selling and shipping to customers; the large majority of whom are in Southwestern Ontario.

We have approximately 517 active suppliers, 480 based in Canada, 35 in the United States of America, one in Taiwan and one in the UK, with 96% of our spend put towards the suppliers in Canada and 3% of the spend put towards the suppliers in the United States.

Our long-term partnerships are built on mutual trust and adherence to high standards of quality and ethical practices.

We are committed to sustainability and ethical sourcing. Our initiatives include partnering with suppliers who share our values and adhere to recognized standards.

We are dedicated to continuous improvement in our supply chain management.

Actions Taken

In Fiscal Year 2024, our efforts were primarily focused on identifying and mitigating the risks of child and forced labour within our recruitment processes. Although we were already in compliance with Canadian and Ontario employment legislation and law, we updated the language in our employment contracts and enhanced our age verification procedures.

As of May 2024, we have established and communicated a specific policy on Combatting Child Labour and Forced Labour. We have trained key staff on this policy, with plans to extend this training to a broader audience throughout the fiscal year. Additionally, we collaborated with our Senior Leadership Team to draft a policy statement, which is now displayed on our website, and we conducted a comprehensive Risk Assessment related to Child Labour and Forced Labour, which was part of the foundation for some of the further actions planned this year.

Policies and Due Diligence Processes

Code of Conduct

IMS's Code of Ethics and Conduct is the foundation of our culture and is outlined in the policies found in our Employee Handbook. It applies to all persons employed by IMS and is designed to create awareness of our legal and ethical expectations and to guide teammates to "do the right thing" in all aspects of our business. IMS does not tolerate forced labour or child labour in our operations or supply chain and takes active steps to ensure that our suppliers share this commitment.

Hiring and Employment Practices

IMS has implemented controls in relation to recruitment and hiring. Prior to employment, all candidates must participate in an interview with their proposed manager, with certain positions requiring multiple interviews. As a condition of employment, all candidates must be legally entitled to work in Canada. Successful candidates receive a written offer of employment and are entered into IMS's centralized human resources system. Payroll is administered in accordance with applicable legislation.



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Compliance and Monitoring

IMS does not employ individuals who are underage or forced to work against their will. Monitoring is conducted through age verification at the time of employment and verification that employees accept positions under their own free will. All employees and suppliers are expected to comply with our policy on Fighting Forced Labour and Child Labour, with violations resulting in disciplinary action, including termination of employment or contracts.

Training

IMS provides training on compliance, monitoring, and reporting procedures related to forced and child labour.

Reporting Procedure

IMS has established multiple confidential and secure channels for reporting concerns or violations related to forced and child labour. These include speaking to a direct manager, an executive, the Controller, Head of Sourcing, or Head of People and Culture, leaving an anonymous comment in one of the comment boxes in any of our locations, or emailing peopleandculture@imechsupply.com. Our policy strictly prohibits retaliation against anyone who, in good faith, reports a suspected violation or cooperates in the investigation of forced and child labour allegations.

Risk Assessment and Management

IMS conducted its first internal risk assessment in 2024. The process involved the Executive, Controller, and heads of Sourcing, People and Culture (HR), Business Development, Marketing, and Data/Technology. The assessment focused on risk likelihood and impact and supported the creation of the Actions Roadmap.

As part of the Actions Roadmap, In the next twelve months we are committed to:

- Engaging in deeper dialogue with our suppliers to understand their sourcing practices, including requesting information about their supply chains and measures to prevent forced and child labour.
- Revising documentation to include clauses that prohibit the use of forced or child labour. Suppliers are required to comply with these clauses.
- Providing training and resources to our entire procurement team to help identify potential risks of forced and child labour.

More broadly, IMS is committed to continuous improvement in its efforts to combat forced and child labour. We will regularly review and update our policies and procedures to reflect changes in laws, regulations, and best practices.



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Attestation

In accordance with the requirements of the Modern Slavery Act, and in particular Section 11 thereof, I attest that I have reviewed the information contained in this report. 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 on Fiscal Year 2024.

I have the authority to bind Independent Mechanical Supply Inc.

Paul Blaik, Vice President

May 30, 2024

Date