



Fighting Against Forced Labour and Child Labour in Supply Chains Act

Bill S-211 Report for the fiscal year ended May 31, 2024

About this report

This is a joint report by Thermal Energy International Inc. and all of its subsidiaries in order to comply with the Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act. The policies and descriptions contained herein are applicable to Thermal Energy International Inc. and its subsidiaries as a whole (hereinafter “Thermal Energy” or “the Company”). This report covers the period June 1, 2023 to May 31, 2024, the fiscal year ended May 31, 2024.

Company overview

Thermal Energy, established in 1991, is a global provider of proprietary and proven energy and water efficiency and emission reduction products and solutions to the industrial, commercial, and institutional markets. The Company is headquartered in Ottawa, Canada, with offices in the U.K., Italy, Germany, and the U.S.

Thermal Energy engages clients through a unique mix of process, energy, environmental and financial expertise to save our customers money and improve their bottom lines by reducing their fuel use and carbon emissions. The Company’s award-winning products have an excellent track record of longevity, proven reliability and performance and have been shown to provide: significant energy savings; improved water efficiency; reduced greenhouse gas emissions; lowered maintenance costs; improved product quality; and increased production efficiency. Thermal Energy’s products are effective in a wide range of industries and applications.

More information on Thermal Energy can be found at www.thermalenergy.com. GEMTM, FLU-ACE®, THERMALONOX™ and DRY-REX™ are trademarks of Thermal Energy.

Structure and activities

Name of company	Place of incorporation	Ownership interest	Principal activity
Thermal Energy International Inc	Ontario, Canada	-(1)	Development, engineering and supply of pollution control, heat recovery systems, and condensate return solutions
Thermal Energy International (UK) Ltd.(2)	United Kingdom	100%	Manufacture and sale of condensate return solutions and sale of heat recovery solutions
Thermal Energy International Corporation (3)	Delaware, U.S.	100%	Sale of heat recovery and condensate return solutions
Boilerroom Equipment Inc. (3) (4)	Pennsylvania, U.S.	100%	Sale of indirect contact heat recovery units
2003356 Ontario Inc.	Ontario, Canada	100%	Non-operating
2153639 Ontario Inc. (5)	Ontario, Canada	100%	Holding company
GEMchem Ltd. (2)	United Kingdom	67%	Sale of water treatment products and services
Thermal Energy International (Guangzhou) Ltd. (5)	Guangzhou, China	55%	Non-operating

(1) The group’s parent company.

(2) Thermal Energy International (UK) Ltd owns 67% of GEMchem Ltd., a company incorporated in the United Kingdom.

(3) Thermal Energy International Corporation owns 100% of Boilerroom Equipment Inc., a company incorporated in the United States.

(4) Boilerroom Equipment Inc., a company incorporated in the United States.

(5) 2153639 Ontario Inc. owns 55% of Thermal Energy International (Guangzhou) Ltd., a company incorporated in China.

Supply chains

We manufacture condensate return solutions in the UK using local labour with materials and parts mainly purchased from the UK & European suppliers.

We manufacture indirect contact heat recovery units in the US using local labour with materials and parts purchased from the US suppliers.

We design heat recovery systems in Canada and the UK. We hire local people in Canada and the UK for our work force.

In addition, we use local subcontractors to install our products in North America and Europe for our customers. Most of our customers are based in North America and Europe.

For more details about our due diligence process, please refer to the following section.

Policies and processes implemented.

At Thermal Energy, we apply due diligence practices aligned with the risks involved in our activities, our supply chains and our business relationships with our customers and suppliers in a manner conducive to responsible conduct.

For the year ended May 31, 2024, we followed the same procedure as prior year: we confirmed that our operations and our supply chain did not engage in the use of child labour or forced labour. In addition, we started working on improving our EcoVadis assessment, which analyzes sustainable business practices, benchmarked against sector and region.

Risk of forced labour or child labour in our supply chains and steps taken to assess and manage the risk.

For the year ended May 31, 2024, we assessed the risks of our suppliers in all of the jurisdictions where we source materials, parts and skilled labour as part of our operations. Our risk assessment focused on key suppliers to ensure the scope and scale were proportionate to the potential exposure to the corresponding risks. The process did not reveal any known cases of modern-day slavery among our suppliers.

Measures taken to remediate forced labour or child labour.

Based on our risk assessment performed for the year ending May 31, 2024, no known incidents or significant risks of modern-day slavery were identified. The issue of remediation is therefore not considered to be applicable.

Measures taken to remediate the loss of income to the most vulnerable families that results from measures taken to eliminate the use of forced labour or child labour.

Based on our risk assessment, there was no loss of income for vulnerable families resulting from measures taken to eliminate the use of forced labour or child labour within our supply chains.

Training provided to employees on forced labour and child labour.

For the year ending May 31, 2024, we conducted an annual mandatory training for all employees and board members regarding forced labour and child labour in supply chains. Our Code of Conduct reflects our corporate values and the behaviours we expect of our staff and directors in everything they do in the fulfilment of their duties, especially as it pertains to fundamental rights. We take a zero-tolerance stance on modern-day slavery, human trafficking and undeclared, involuntary, forced labour and child labour.

Assessment of effectiveness in ensuring that forced labour and child labour are not being used.

For the year ending May 31, 2024, we have put initiatives in place to determine the effectiveness of the efforts deployed at Thermal Energy to ensure forced labour and child labour are not being used. We sent suppliers a code of conduct questionnaire where each supplier needs to clarify if they are aware of any use of forced labour and child labour in their supply chains. We have also provided an employee Code of Conduct training program, and all of our staff members and directors are required to attend the program. All new hires and newly appointed board members are also required to complete the training as part of their onboarding process and subsequent enrolment in annual refreshers applicable across the entire company.

Approval and attestation

In accordance with the requirements of the Act, 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 ended May 31, 2024.

(signed) William White

Director

(signed) William Crossland

Director