
Aquifer Group of Companies

Forced Labour And Child Labour Report

A. Introduction

This Forced Labour and Child Labour Report (this “**Report**”) for the financial year ending January 31, 2024 is made pursuant to the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (Canada), also known as the Modern Slavery Act (the “**Act**”).

This Report is a joint report which applies to, and describes the reasonable steps taken by, the following reporting entities to mitigate forced labour and child labour in our organization’s operations and supply chains:

	<u>Reporting Entity</u>	<u>Abbreviation</u>
1.	Aquifer Investments Ltd.	Aquifer Investments
2.	Aquifer Distribution Ltd.	Aquifer Distribution

In this Report, Aquifer Investments and Aquifer Distribution are hereinafter referred to collectively as “**Aquifer Group**” or “**we**”, “**us**” or “**our**”, except where the context otherwise requires.

B. Respect for Human Rights

Aquifer Group fully supports the objectives of the Act and opposes the use of all forms of forced labour and child labour in our operations and our supply chain. Respect for human rights is fundamental to our values, the long-term stability and growth of our business and to the wellbeing of the communities in which we operate.

As set out in the United Nations Guiding Principles on Business and Human Rights (“**UNGPs**”), business enterprises have a responsibility to respect internationally recognized human rights. The responsibility to respect human rights requires that business enterprises: (a) avoid causing or contributing to adverse human rights impacts through their own activities, and address such impacts when they occur; and (b) seek to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts. In applying the lens of the UNGPs, we have assessed the potential for our operations to cause, contribute to, or be directly linked to adverse human rights impacts, including forced labour and child labour. For the reasons described in this statement, we remain of the view that there is low risk that our operations have caused or contributed to adverse human rights impacts. We have started to review our policies and procedures to assess whether the

operations of our suppliers who provide goods used in our distribution business cause or contribute to adverse human rights impacts.

C. Corporate Structure, Activities and Supply [Section 11(3)(a) of the Act]

(1) Corporate Structure

Aquifer Investments is a corporation incorporated pursuant to *The Business Corporations Act, 2021* (Saskatchewan) and is used solely to hold an investment in Aquifer Distribution and an investment in another corporation which is not a reporting entity under the Act. Aquifer Distribution is a corporation incorporated pursuant to *The Business Corporations Act, 2021* (Saskatchewan) and operates throughout Saskatchewan as a distributor of plumbing and mechanical supplies, boilers and HVAC equipment, pumps and water systems, water treatment equipment, plumbing fixtures, and other water-related products.

(2) Activities

Aquifer Investments is not itself involved in the production, selling, distribution or importation of goods, nor does it have any employees. Aquifer Investments holds a controlling interest in Aquifer Distribution and, therefore, we have elected to submit this Report as a joint report for Aquifer Investments and Aquifer Distribution pursuant to paragraph 11(2)(b) of the Act.

Aquifer Distribution is headquartered in Saskatoon, Saskatchewan, with additional locations in Prince Albert, North Battleford and Regina. Aquifer Distribution operates its business using several different trade names, including Aquifer Distribution, Anderson Pump House, Wig's Pump & Waterworks and Flo-Essence Plumbing, Hearth & Décor. Aquifer Distribution primarily operates as a wholesale distributor of plumbing and mechanical products to customers located throughout Canada, and also offers a wide range of boilers and HVAC equipment, pumps and water systems, water treatment equipment, plumbing fixtures and other water-related products for residential and commercial customers. Aquifer Distribution products can be purchased from one of its locations or online through its website.

As of January 31, 2024, Aquifer Distribution had approximately 170 team members directly employed in the business, all of whom were resident in Canada. While the majority of Aquifer Distribution's workforce is engaged on an ongoing basis, Aquifer Distribution utilizes a very small pool of contractors, casuals and external consultants in its operations. Employee salaries are reviewed annually against the local market data, including the Consumer Price Index (CPI) in Canada.

(3) Supply Chain and Operations

Aquifer Group is committed to complying with all applicable laws and regulations, including in respect of forced labour and child labour, and we expect our suppliers to demonstrate the same commitment in the regions in which they operate. We acknowledge the risk of forced labour and child labour existing in any complex supply chain, particularly where raw materials are procured

by our suppliers from one or more other entities that we do not have direct interaction with or where limited information is available regarding the operations of that supplier.

Goods procured directly by Aquifer Distribution for resale

For its financial year ending January 31, 2024, Aquifer Distribution utilized approximately 470 different suppliers in procuring goods utilized in its products. While a majority of these suppliers are located in Canada and the United States, Aquifer Distribution does procure some goods from suppliers located in Mexico and throughout Europe and Asia. Over forty (40%) percent of Aquifer Distribution’s total procurement spend for its last financial year was on goods acquired from its top 10 suppliers, all of which are located in Canada or the United States with the exception of one supplier based out of Germany.

The types of goods procured by Aquifer Distribution from its suppliers primarily consist of: (i) commodity plumbing products, such as pipe and fittings, (ii) mechanical equipment and parts for mechanical equipment, and (iii) plumbing fixtures, such as toilets, sinks, and faucets, but include other materials, supplies, components, equipment, and manufactured products.

Goods and services procured to support our operations

Aquifer Group procures various services and goods (other than goods which are incorporated into our products for re-sale) to support our operations. In this regard, our supply chain profile for goods and services remains largely the same year-on-year. The types of goods (other than goods which are incorporated into our products for re-sale) and services procured by Aquifer Group to support its effective operations are listed below. We also provide a general description of the key forced labour and child labour risks that are likely to exist in each of those categories by virtue of the industry risk profiles and provision of goods or services.

Type of goods / service	Description	Generally known forced labour and child labour risks
Office equipment / consumables / marketing	Coffee, tea, other beverages, food, cleaning products, office furniture, printing, stationery, merchandise suppliers	<p>Food Services - Food related supply chains have a high risk of forced labour and child labour due to the reliance on ingredients sourced globally, often from countries with a higher prevalence of, and vulnerability to forced labour and child labour. For example, coffee, tea, cocoa, rice, palm and derivative products and seafood are some of the many products linked to forced labour and child labour.</p> <p>Corporate Merchandise - Mass-produced items and garments, particularly if produced in countries with a greater prevalence of, and vulnerability to and have a higher risk of child labour and forced labour.</p>

		Furniture - There are increased forced labour and child labour risks associated with producing and sourcing raw materials such as timber, bricks, PVC in flooring, fabrics, metals and glass as well as risks in the manufacturing industry located in countries with a greater prevalence of, and vulnerability to, forced labour and child labour.
Technology and IT	Electronics, tablets, laptops, desktops, mobile phones	Forced labour and the worst forms of child labour are present in the supply chains that provide IT companies with the necessary raw materials to produce electronic goods, and parts of those goods. The manufacture of electronics has been associated with labour exploitation, including child labour and forced labour.
Transport	Airlines, couriers, hotels and lodging	The hospitality and food services industry, irrespective of jurisdiction, has elevated risks driven by parallel factors described below in relation to the cleaning sector.
Facilities management	Cleaning and janitorial services	<p>The cleaning industry is considered a higher risk industry for forced labour and debt bondage due to factors such as employers withholding wages, excessive working hours, complex and opaque subcontracting arrangements, and workers on temporary visas with limited bargaining power and awareness of their rights at work.</p> <p>Similar to the cleaning sector, the prevalence of subcontracting in the facilities maintenance industry can lead to contractual liabilities and obligations diminishing to the point where the human rights of workers on site may go unnoticed due to a lack of transparency.</p>

Our suppliers of those goods and services that support our operations are primarily domiciled in Canada, and we are of the view that our supply chains and activities for the types of goods and services procured by Aquifer Group (other than goods which are incorporated into products for re-sale by Aquifer Distribution) carry a low risk of the use of forced labour and child labour.

D. Preventing and Reducing the Risk of Forced Labour and Child Labour

(1) Steps taken during last financial year to prevent and reduce risk that forced labour and child labour used in supply chain [Section 11(1) of the Act]

Given that the vast majority of goods procured by Aquifer Group are manufactured and sourced from regions that are regarded as having a low prevalence of forced labour and child labour, Aquifer Group views the risk of forced labour and child labour being used in its supply chain as

low. Aquifer Group did not take any steps during its financial year ended January 31, 2024 to prevent and reduce the risk that forced labour and child labour is used at any step of our supply chain. Since the end of our most recent financial year, Aquifer Group has begun conducting a review of its internal policies and processes, as well as the supply chain for Aquifer Distribution, to further understand the potential risk of forced labour and child labour being used in our supply chain.

(2) Policies and due diligence processes in relation to forced labour and child labour
[Section 11(3)(b) of the Act]

Aquifer Distribution has internal policies and processes in place to promote and ensure compliance with applicable laws (including in respect of employment and human rights) in the jurisdictions in which we operate our business. As of the financial year ended January 31, 2024, we did not have policies or due diligence processes specifically aimed at preventing the use of forced labour or child labour, but Aquifer Group has since begun working toward implementing such policies and processes.

Aquifer Distribution employs best practice methods during the recruitment and hiring process for prospective candidates to ensure that Aquifer Distribution hires employees in accordance with

applicable laws. These checks include confirmation of a candidate's age to ensure they meet the minimum age requirements and a right to work check, such as a birth certificate, passport or visa, to ensure they have the right to work in Canada.

Any overtime hours worked must be voluntarily and mutually agreed to by the employee and their manager. Any work outside of usual hours, such as in the evening, overnight or weekend, are paid in accordance with the applicable penalty rates. Similarly, all employees are paid their wages via an electronic transaction and receive a pay slip. It is through a combination of these methods that we have assessed our operational risk of child labour and forced labour as low.

At this point, Aquifer Group does not have any formal external policies or processes in place that are specific to the prevention of forced labour and child labour in our supply chain, however, the Board of Directors of Aquifer Distribution (the "**Board**") has recently directed its executive team to review and recommend policies and processes for Aquifer Distribution to establish and maintain moving forward, such as a responsible supply chain policy and a supplier code of conduct, with a focus on the prevention of forced labour and child labour in our supply chain.

(3) Risk assessment and management *[Section 11(3)(c) of the Act]*

As of the end of the last financial year, Aquifer Group had not completed its assessment and identification of which parts of its supply chain may carry a risk of forced labour or child labour. Based on our assessment to date, we believe our internal activities involving our own employees do not carry a risk of forced labour or child labour being utilized. Moreover, since the end of our

last financial year, we have begun to take steps to assess and identify parts of our supply chain which may carry a risk of forced labour or child labour, including commencing a review of our direct suppliers which, to date, has not identified any of such reviewed suppliers as being at risk of using forced labour or child labour in their manufacturing process.

Based upon the data contained in Walk Free's Global Slavery Index 2023 (in particular, the estimated prevalence and number of people in modern slavery, by country), we believe the geographical location of the majority our direct suppliers (that is, Canada and United States) presents a low risk for the use of forced labour and child labour, relative to other regions.

(4) Forced Labour and Child Labour Remediation Measures *[Section 11(3)(d) of the Act]*

Aquifer Group is not currently aware of any forced labour or child labour practices occurring within its own operations or in its supply chain. Accordingly, we have not undertaken any measures to remediate any forced labour or child labour to date.

(5) Loss of Income - Remediation Measures *[Section 11(3)(e) of the Act]*

Aquifer Group is not currently aware of any forced labour or child labour practices occurring within its own operations or in its supply chain. Accordingly, we have not undertaken any measures to remediate any loss of income relating to any forced labour or child labour to date.

(6) Training *[Section 11(3)(f) of the Act]*

Aquifer Distribution does not currently offer training to its employees on forced labour and child labour. The Board has recently directed Aquifer Distribution's executive team to review and, if deemed advisable, recommend training programs and materials that could be provided to employees of Aquifer Group to raise awareness of, and reduce and prevent, the risk of forced labour and child labour being used in our activities and in our supply chain.


(7) Assessing Effectiveness *[Section 11(3)(g) of the Act]*

Aquifer Group does not currently have policies and procedures in place to measure and track Aquifer Group's success in preventing and reducing risks of forced labour and child labour in our activities and our supply chains. In connection with the preparation of this Report, the Board has committed to reviewing its internal and external policies annually and more frequently, if the circumstances require it. Further, the Board has recently directed Aquifer Distribution's executive team to review and recommend to the Board potential tools and indicators that can be utilized in assessing the effectiveness of our policies, processes and other actions aimed at reducing the potential for forced labour and child labour within our activities and supply chains.

E. Approval and Attestation [Section 11(4) and (5) of the Act]


This Report has been approved by the Board of Directors of Aquifer Investments Ltd. in accordance with subparagraph 11(4)(b)(i) 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 Aquifer Investments Ltd. 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.

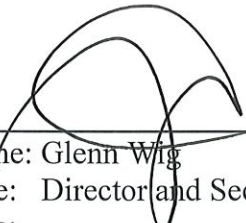
AQUIFER INVESTMENTS LTD.

Per: 
Name: Glenn Wig
Title: Director and President
Date:

This Report has been approved by the Board of Directors of Aquifer Distribution Ltd. in accordance with subparagraph 11(4)(b)(i) 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 Aquifer Distribution Ltd. 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.

AQUIFER DISTRIBUTION LTD.

Per: 
Name: Jared Wig
Title: Director and President
Date:

Per: 
Name: Glenn Wig
Title: Director and Secretary
Date: