

STATEMENT REGARDING MODERN SLAVERY 2024

INTRODUCTION

HTS Engineering LTD ("HTS") is dedicated to eradicating human trafficking and modern slavery in all its forms. We acknowledge that these abhorrent actions directly contradict our core values and fundamental beliefs. As a result, HTS upholds a zero-tolerance policy against human trafficking and modern slavery both inside our own company and across all our supply chains. This statement summarizes our continued initiatives and pledges to guarantee the eradication of these practices.

OUR STRUCTURE, OPERATIONS & SUPPLY CHAIN

HTS Engineering LTD is a renowned supplier of HVAC solutions, catering to many industries in both Canada and the US. Since our founding in 1992, we have grown significantly, now boasting 16 locations across North America. The fundamental principles that guide our business are innovation, superior customer service, and long-lasting partnerships. With our head office located in Toronto, Canada, we are a committed group of 400+ experts who uphold our values of honesty and integrity.

KEY BUSINESS SEGMENTS

- HVAC Equipment Supply and Installation: Providing high-quality HVAC equipment and installation services to commercial and industrial clients.
- Maintenance and Repair Services: Delivering comprehensive maintenance and repair options to guarantee the durability and efficiency of HVAC systems.
- Energy Management Solutions: Development and implementation of energy-efficient HVAC systems that aid our clients to save money and adopt sustainable practices.

HTS collaborates with a diverse group of stakeholders, including architects, engineers, building owners, general contractors, mechanical contractors, and facilities maintenance teams. These stakeholders, as well as the top manufacturers we represent, rely on us to

ABOUT THIS STATEMENT

In this statement, HTS Engineering Ltd. conveys our commitment to eliminating modern slavery, covering the fiscal year that runs from October 1, 2023, to September 30, 2024. This statement is made on behalf of HTS Engineering Ltd. ("HTS", "we", "us", or "our") complying with section 54(1) of the Modern Slavery Act 2015 (the U.K. Act), and section 6(2) of the Fighting Against Forced Labour and Child Labour in Supply Chains Act (the Canadian Act).

provide them with solutions that improve building economics, solve environmental concerns, and enhance energy efficiency and occupant comfort.

SUPPLY CHAIN

HTS's supply chain encompasses a wide range of suppliers, including manufacturers of HVAC equipment, parts and components, and service providers. We prioritize working with suppliers who share our commitment to ethical practices and sustainability. Our industry experience spans industrial, institutional, and commercial projects of all sizes throughout the US and Canada. Our sophisticated project management processes ensure project and equipment compatibility and documented efficiency.

RISKS OF MODERN SLAVERY IN OUR OPERATIONS AND SUPPLY CHAIN:

While the risk of modern slavery in the HVAC sector may be relatively low, HTS acknowledges the potential for such risks in certain areas of our supply chain. This includes the sourcing of raw materials and components from regions where labor standards may not be strictly enforced.

HTS regularly evaluates these risks and does due diligence procedures to make sure that our ethical standards are being followed. Our main areas of concern are as follows:

- Manufacturing: Ensuring that no child or forced labour is used in the manufacturing process and that all partners follow fair labour policies.
- Raw Material Sourcing: Monitoring the sourcing of raw materials to prevent any association with exploitative labor practices.
- Service Providers: Assessing the labor practices of third-party service providers align with our commitment to human rights.

OUR POLICIES AND GOVERNANCE

CODE OF CONDUCT:

The HTS Code of Conduct sets forth our standards for moral conduct and protection of human rights. Our dedication to integrity, transparency, and responsibility is emphasized by this policy, which is applicable to all workers, contractors, and suppliers.

SUPPLIER CODE OF CONDUCT:

Our Supplier Code of Conduct requires all suppliers to comply with relevant labor laws and regulations, prohibit forced labor and child labor, and uphold the principles of non-discrimination and fair treatment.

GOVERNANCE STRUCTURE

Our modern slavery policies are implemented and kept up to date under the direction of the HTS board of directors. We do regular assessments and upgrades to make sure our procedures are still strong and efficient.

DUE DILIGENCE & RISK MANAGEMENT

HTS conducts a thorough due diligence procedure to find, evaluate, and reduce the possibility of modern slavery in our supply chain and operations. This comprises:

- **Supplier Assessments:** Performing in-depth evaluations of both new and current suppliers to guarantee adherence to our moral guidelines.
- **Auditing and Monitoring:** To identify and resolve any possible challenges, routinely audit high-risk suppliers, and keep an eye on their operations.
- **Employee Training:** Providing training to employees and contractors on recognizing and preventing modern slavery and human trafficking.

REPORTING AND REMEDIATION

HTS invites all its stakeholders, suppliers, and employees to use our private reporting channels to voice any concerns they may have about modern slavery. We promise to investigate every report in detail and, if needed, to take the proper corrective action. Channels for reporting are predominately done through contacting respective supervisors, managers, or principals confidentially. This can be done through submitting concerns anonymously.

HTS is dedicated to responding to any reports of modern slavery with promptitude and efficacy. This entails assisting the impacted parties, cooperating with the appropriate authorities, and putting corrective measures in place to stop recurrence.

CONCLUSION

HTS Engineering LTD is steadfast in its resolve to stop human trafficking and modern slavery. In order to guarantee that everyone works in a secure, equitable, and ethical environment, we always seek to enhance our partnerships, policies, and procedures. This declaration demonstrates our continued commitment to protecting human rights and developing an honest and respectful culture.

Signed by

David Kviring

David Kviring, CPA

CFO,

HTS Engineering Ltd.