

ANNUAL REPORT ON THE PREVENTION OF CHILD LABOR AND MODERN SLAVERY

Reliable Controls Corporation is committed to ethical business practices and upholding human rights in all levels of operation. Reliable Controls Corporation prohibits and does not tolerate slavery, human trafficking, or child labor in our organization and expect our business partners and suppliers to promote the same principles within their operations.

Reliable Controls Corporation's report describes the steps we have taken to prevent child labor and modern slavery during our fiscal year of January 2024 to December 2024, in compliance with Bill S-211.

1. Company's General Information

Structure and Activities

Reliable Controls Corporation is a privately held, Canadian Corporation that designs, develops and manufacturers internet-connected building controls. The products are used to monitor and control the energy of mechanical and electrical equipment found in every kind of building. The company was founded by Mr. Roland Laird, in 1986, in Surrey BC. The company relocated to Victoria BC in 1995 and currently has over 250 employees in Victoria and support offices worldwide.

Reliable Controls Corporation has a head office located at 120 Hallowell Road, in Victoria, British Columbia. The head office facility houses design, research and development, manufacturing, marketing, training, and administration. Our second office, at 401 Garbally Road, in Victoria, houses our software development team and technical support staff.

Supply Chain

Reliable Controls Corporation operates using a centralized sourcing and procurement model. The supply chain is primarily based in North America and Asia and is divided into 3 groups: Materials, Services and Facilities.

Material suppliers, listed on the approved supplier list, are classified as either Preferred, Tier 1 or Tier 2, based on their criticality, complexity, and volume of business.

2. Internal Policies and Code of Conduct Towards Forced or Child Labour.

The Human Resources department at Reliable Controls Corporation ensures that we are operating within compliance with the BC Employment Standards Act, which includes regulations for hiring young workers. Our employee handbook specifies that if we hire individuals under 16 years of age, Reliable Controls will obtain written consent from the youth's parent or guardian, as required by the BC Employment Standards Act.

As part of our due diligence practice, following an accepted offer, our talent acquisition team requires personal documentation to assess that the new hires are of legal age and permitted to work in accordance with provincial and federal labor laws.

With regards to supply chain, all potential suppliers are assessed prior to becoming an approved supplier. Each applicant is required to complete a questionnaire and must submit applicable certifications, such as ISO certification and/or quality manuals. During the assessment process, the applicant is asked if there are any proceedings against them or if they have suffered any penalties, including environmental, social, or labor related.

3. Training

The Supply Chain team at Reliable Controls Corporation has successfully completed a training course on identifying forced and child labor, with a focus on recognizing signs of modern slavery within our supply chain.

4. Potential Risks and Mitigation

Internal

Reliable Controls Corporation has had a structured co-op program for over 20 years, contributing to the employment of some of our youngest team members. We have partnerships with prestigious educational institutions such as Camosun College, University of Victoria, University of British Columbia, and Simon Fraser University. Any risks associated with assessing the legal age of Co-op program participants are minimized as we collaborate directly with the schools, who vet the students to ensure they are part of the program, willing and eligible to participate for a work term. Any positions to be filled within the company, including manufacturing, would be processed through our Human Resources team and undergo an approval exercise, thus mitigating potential risks.

External

As an area beyond our control, the supply chain is not risk-free, especially with suppliers in remote locations or as it relates to products that are purchased through distribution.

All vendors undergo a qualification process in which they are required to provide a copy of their quality certifications and to fill out a survey stating quality standards, capacity, and compliance with local laws, etc.

Initiated in 2023, suppliers considered the most critical are asked to complete an on-site audit. Environmental and social aspects are evaluated such as:

- gender equality,
- safety and cleanliness of work environment
- evidence of forced labor such as working with retained passports, corporal punishment, etc.

Vendors that reported high overtime rates during the audit are questioned for clarification and encouraged to always comply with their local labor regulations.

Any evidence of supplier infringement of local labor laws, employment of child labor, forced labor, corporal or verbal abuse or similar actions against reasonable

principles and code of conduct will be investigated and result in disqualification from any sourcing process and/or termination of our business relationship.

5. Remediation of child or forced labour and Remediation of Vulnerable families Loss of Income

Not applicable. We have not found any forced or child labor within our organization or in the supply chain to the best of our knowledge.

6. Assessing effectiveness

The supply chain is assessed and monitored on an annual basis. The process includes an annual requalification exercise to ensure that suppliers continue to meet the criteria to remain on the approved suppliers list.

7. Next steps 2025

In the coming year we aim to:

- Introduce a Supplier Code of Conduct to both new and existing suppliers. This document will clearly outline the behaviors we expect from them and their employees, including adherence to high standards of workplace safety, fair and respectful treatment of workers, and ethical business practices.
- Review higher risk activities and geographies in our supply chain to identify mitigating actions that will reduce the risk of modern slavery and child labor.
- Continue to raise awareness around modern slavery and forced labor in our organization and supply chain
- Include modern slavery prevention and awareness within our training programs.

8. Attestation

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 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 listed above.

Full name: Pamela Duncan

Title: Vice President, Supply Chain

Date: May 21, 2025

Signature:

"I have the authority to bind Reliable Controls Corporation."