



**Annual report pursuant to the *Fighting Against Forced Labour and Child Labour in Supply Chains Act***

**May 21, 2025**

## 1. ABOUT THIS REPORT

This is a joint report by H<sub>2</sub>O Innovation Inc. and its subsidiaries (refer to the list of reporting entities attached as appendix A) in order to comply with the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “**Act**”) for the period covering January 1, 2024 to December 31, 2024 (the “**Reporting Period**”). The policies and descriptions contained herein are applicable to H<sub>2</sub>O Innovation Inc. and its subsidiaries as a whole (hereinafter “**H<sub>2</sub>O Innovation**”, or the “**Corporation**”, or “**our**”, or “**we**”).

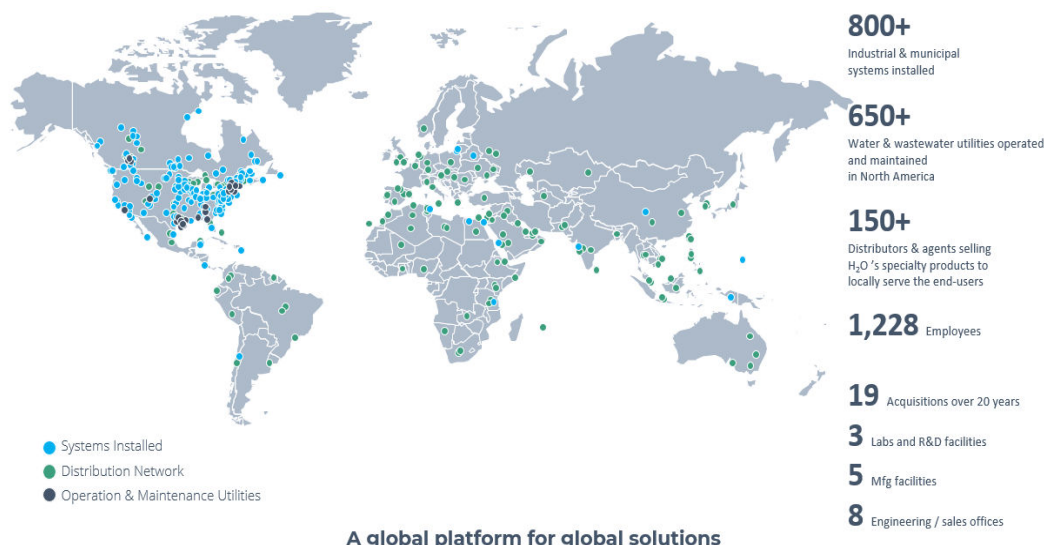
## 2. STRUCTURE, ACTIVITIES AND SUPPLY CHAIN

### Structure and Activities

H<sub>2</sub>O Innovation Inc. is incorporated under the Canada Business Corporation Act. Headquartered in Quebec City, H<sub>2</sub>O Innovation is a water solutions company. Our activities rely on five pillars: i) Water Technologies & Services applies membrane technologies and engineering expertise to deliver equipment and services to municipal and industrial water, wastewater, and water reuse customers, ii) Specialty Products is a set of businesses that manufacture and supply a complete line of specialty chemicals, consumables and engineered products for the global water treatment industry, iii) Operations & Maintenance provides contract operations and associated services for water and wastewater treatment systems; iv) Water Infrastructure & Development develops onsite wastewater treatment and reuse facilities, called WaterHubs; and v) Maple and Agri-food develops a complete line of products, equipment and technologies for maple sirup production and agri-food.

H<sub>2</sub>O Innovation has offices, operations, plants and manufacturing facilities in Canada, the United States, the United Kingdom, Spain and Chile. H<sub>2</sub>O Innovation sells Specialty Products in several countries worldwide through a network of over 150 distributors.

### H<sub>2</sub>O AT A GLANCE



## Supply Chain

The supply chain plays a significant role in H<sub>2</sub>O Innovation's activities. H<sub>2</sub>O Innovation purchases components to resell to customers or to manufacture water treatment chemicals and components, water treatment systems and WaterHubs, maple and agri-food-related equipment, and to provide services to operate and maintain water treatment facilities.

Most of these materials and components are provided by suppliers with which H<sub>2</sub>O Innovation maintains long-term contracts. The Corporation strives to build lasting relationships with key direct suppliers to ensure the reliable delivery of materials and components while offering related support services to customers when applicable. During the Reporting Period, the sourcing for components like membranes, pumps, valves, raw chemicals, instruments and electronics, steel and plastics mainly came from the following countries or regions: the United States, Canada, China, Tunisia, Pakistan, the United Kingdom, and the European Union.

H<sub>2</sub>O Innovation surveys the top 80% of direct expenses for tier one suppliers (direct supply). We do not currently have the tools to identify, evaluate, qualify or control tiers 2 and 3 suppliers. However, implementing such tools is part of our 5-year plan. We remain in constant communication with our suppliers, and all our purchase orders require the acceptance of a Supplier Code of Business Conduct and Ethics ([Supplier Code](#)) that prohibits child labour and modern slavery and requires suppliers to uphold to the highest standards in their business operations.

### 3. POLICIES AND DUE DILIGENCE PROCESSES IN RELATION TO FORCED AND CHILD LABOUR

H<sub>2</sub>O Innovation's policies and commitments specifically address human rights, health and safety, diversity and inclusion, the environment and corruption. We uphold a uniform recruitment process for all employees without exception. This process includes the careful collection and verification of necessary documentation to ensure compliance with legal requirements regarding employment eligibility. Our policies and practices strictly adhere to local, national, and international laws concerning labour rights, ensuring that all employees are treated with dignity, respect, and fairness. Upholding human rights and fostering a safe, inclusive, and ethical working environment are fundamental to our values. H<sub>2</sub>O Innovation has a thorough recruitment process in place to ensure compliance with the above principles. There is no "child" as defined in the Act under employment by H<sub>2</sub>O Innovation, in a way that would contradict the provisions of the Act.

H<sub>2</sub>O Innovation has implemented the following policies to support its commitment to responsible procurement and fulfill its human rights obligations:

- i. A [Human Rights Policy](#) to communicate to employees, customers, suppliers, business partners, and the communities where we operate, the ethical and social values we respect and seek to uphold throughout our business decisions, activities, and partnerships. The Human Rights Policy is guided by the United Nations Guiding Principles on Business and Human Rights, the United Nations Universal Declaration of Human Rights, the International Labour Organization's (ILO) core labour standards and the ILO's Declaration on the Fundamental Principles and Rights at Work and by the Act. The Human Rights Policy mainly (i) prohibits the use of forced or child labor, (ii) reiterates the prohibition of corruption and bribery; (iii) restates H<sub>2</sub>O Innovation's commitment to promote diversity,

equity and inclusion and a safe and healthy environment for employees, contractors, customers or third parties.

- ii. The Supplier Code applies to all vendors, contractors, service providers, external consultants and professionals that do business with H<sub>2</sub>O Innovation. Under the Supplier Code, our suppliers are notably asked to commit to comply with all labour and human rights standards, as set through in the laws and regulations in force in the countries where they operate. H<sub>2</sub>O Innovation must be notified of any breach of these commitments and the supplier must take corrective action as soon as possible. Our Supplier Code specifically includes provisions prohibiting child labour and forced labour, as follows:
  - “Supplier will not use any child, forced or any other illegal and/or unauthorized labor (...)
  - Supplier will have in place policies and procedures to avoid the risks of modern slavery or human trafficking in their supply chain, and comply fully with any modern slavery, human trafficking or similar applicable laws (...)
- iii. A Code of Business Conduct and Ethics ([Code of Ethics](#)) that applies to all employees, consultants, managers or directors of the Corporation and requires them to comply with all laws and regulations that apply to H<sub>2</sub>O Innovation’s business. Wrongful conducts can be reported under the Corporation’s Whistleblower Policy.
- iv. A Procurement Conduct Policy requiring all H<sub>2</sub>O Innovation’s employees and representatives to comply with applicable laws and regulations and with the Code of Ethics whenever they conduct procurement activities for and on behalf of H<sub>2</sub>O Innovation.

#### 4. PARTS OF THE BUSINESS CARRYING RISK OF FORCED OR CHILD LABOUR AND STEPS TAKEN TO MITIGATE THE RISK

There are several risks that can be identified:

- Industry-related risks
- Product-related risks
- Country-related risks
- Complexity of the supplier’s supply chain
- Supplier’s governance framework, policies and controls.

H<sub>2</sub>O Innovation has implemented policies and procedures requiring its suppliers to comply with applicable laws and regulations regarding forced and child labour as well as international labour standards. H<sub>2</sub>O Innovation also reserves the right to request information and supporting documentation demonstrating that the required verifications are completed with their subcontractors on a regular basis. This requirement is included in all agreements executed with suppliers.

During the Reporting Period, H<sub>2</sub>O Innovation has requested its top tier 1 suppliers to confirm their compliance with the Supplier Code, including compliance with applicable laws against child and forced labour by executing the supplier compliance statement (the “**Compliance Statement**”).

For the Reporting Period, more than 70% of our tier one suppliers either executed the Compliance Statement or submitted to H<sub>2</sub>O Innovation their own policy or declaration confirming their adherence to human rights standards comparable to H<sub>2</sub>O Innovation's. No instances of child or forced labour have been reported to H<sub>2</sub>O Innovation. We will continue to monitor suppliers compliance, striving to further enhance adherence to our standards.

Although H<sub>2</sub>O Innovation is not currently conducting an explicit mapping of the risk of forced and child labour within its supply chain, we are actively working on implementing robust processes to address and mitigate this risk effectively as part of our 5-year plan.

#### **5. REMEDIATION MEASURES AGAINST FORCED AND CHILD LABOUR AND REMEDIATION OF LOSS OF INCOME TO MOST VULNERABLE FAMILIES RESULTING FROM MEASURES TAKEN TO ELIMINATE THE USE OF FORCED OR CHILD LABOUR**

Based on its policies and recruitment processes, no known incidents or significant risks of forced or child labour were identified within H<sub>2</sub>O Innovation's labour force during the Reporting Period. H<sub>2</sub>O Innovation has not conducted an explicit mapping of the risk of forced and child labour with its suppliers and within their supply chain. No known incident of forced or child labour was reported to H<sub>2</sub>O Innovation pursuant to the requirements of the Supplier Code or the Human Rights Policy.

The issue of remediation is therefore considered not applicable. 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 chain.

Our Whistleblower Policy, Code of Ethics and Supplier Code offer a reporting mechanism for our employees and suppliers to report ethical or legal violations, among other concerns. If a situation of non-compliance is identified, H<sub>2</sub>O Innovation will work to develop and implement a corrective plan to improve and remedy the situation.

#### **6. TRAINING PROVIDED TO H<sub>2</sub>O INNOVATION'S EMPLOYEES**

H<sub>2</sub>O Innovation does not tolerate slavery, human trafficking and undeclared, involuntary, forced labour or child labour. This is part of our Code of Ethics, Human Rights Policy and Supplier Code, which reflect H<sub>2</sub>O Innovation's values and the behaviours we expect of our employees, representatives and commercial partners in everything they do in the fulfilment of their duties, as it pertains to fundamental rights.

We regularly review our policies to ensure they continue to be up-to-date, relevant and effective. All new hires and newly appointed board members are required to review and acknowledge H<sub>2</sub>O Innovation's policies as part of their onboarding process.

Additionally, all employees are required to annually acknowledge our Code of Ethics and Human Rights Policy. H<sub>2</sub>O Innovation will pursue its efforts in providing up to date and more in-depth training for specific employees as required, as part of its 5-year plan.

## **7. ASSESSMENT OF THE EFFECTIVENESS IN ENSURING THAT FORCED LABOUR AND CHILD LABOUR ARE NOT BEING USED IN THE BUSINESS AND SUPPLY CHAINS**

H<sub>2</sub>O Innovation complies with applicable laws and regulations relating to forced and child labour in its recruitment processes. H<sub>2</sub>O Innovation has implemented policies and processes to ensure no forced or child labour is used within its labour force. We uphold a uniform recruitment process for all employees without exception. This process includes the careful collection and verification of necessary documentation to ensure compliance with legal requirements regarding employment eligibility. As part of our recruitment procedures, all job candidates are required to provide a form of identification. This meticulous process ensures that we comply with relevant laws and regulations against child and forced labour.


There is no child as defined in the Act employed by H<sub>2</sub>O Innovation in a way that would contradict the provisions of the Act. We ensure that every employee engages in their duties willingly and without coercion. Our policies, practices, and culture are founded on the principles of respect, fairness, and ethical treatment, safeguarding against any form of exploitation or involuntary servitude. We continuously strive to foster a work environment that values human rights, where all employees are respected and able to work freely.

No actions have been taken to assess the effectiveness of the measures implemented to prevent and reduce the risks of forced and child labour with H<sub>2</sub>O Innovation's direct and indirect suppliers. However, this will be addressed as part of H<sub>2</sub>O Innovation's 5-year plan.

## **8. APPROVAL AND ATTESTATION**

This report was approved pursuant to subparagraph 11(4)(a) of the Act by the Board of Directors of H<sub>2</sub>O Innovation on May 21, 2025.

In accordance with the requirements of the Act and in particular section 11 thereof, I attest that I have reviewed the information contained in this report for the entities listed below. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in this report is true, accurate and complete in all material respects for the purposes of the Act, for the Reporting Period.



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Frédéric Dugré  
President and Chief Executive Officer

*I have the authority to bind H<sub>2</sub>O Innovation Inc. and its subsidiaries*

## APPENDIX A

### Entities covered by the report

Entity name	Place of registration
H <sub>2</sub> O Innovation Inc.	Canada
Piedmont Pacific Inc.	Canada
H <sub>2</sub> O Innovation USA, Inc.	Delaware (USA)
Piedmont Pacific Corporation	California (USA)
H <sub>2</sub> O Innovation Operation and Maintenance, LLC	Georgia (USA)
H <sub>2</sub> O Innovation Waterhub, Inc.	Delaware (USA)
Professional Water Technologies Inc.	Delaware (USA)
Genesys International Limited	United Kingdom
H <sub>2</sub> O Innovation Europe, S.L.U.	Spain
H <sub>2</sub> O Innovation Latam SpA	Chile