

Navien Canada, Inc.'s Modern Anti-Slavery Statement

PURPOSE

This annual report for the fiscal year of 2023 (consisting of twelve months ending December 31, 2023) is created by Navien Canada, Inc. ("Navien Canada") in compliance with its obligation under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, SC 2023, c 9 (the "Act"). This is the first report submitted by Navien Canada.

In preparing this report, reference is made to Navien Canada's affiliate entities in the US and South Korea. However, for the purposes of the Act, this is a statement for the reporting of Navien Canada only.

OUR COMMITMENT

Navien Canada is committed to preventing and reducing the risk that forced labour or child labour is used at any step in the production of goods in Canada or elsewhere, including goods that Navien Canada imports into Canada.

CATEGORIZATION, SECTOR, AND INDUSTRY

Navien Canada is an entity under the Act

With respect to the Act's threshold requirements, Navien Canada had at least \$20 million in assets for at least one of its two most recent financial years and generated at least \$40 million in revenue for at least one of its two most recent financial years.

Our Operations

Navien Canada, a Wholesale Distributor, has become one of the fastest growing companies in the home comfort sector in Canada and has established itself as the leader in condensing technology, providing condensing tankless water heaters, combi-boilers, and wall-hung boilers. Navien Canada moved beyond the condensing market and now is breaking into the HVAC market. Navien Canada's head office is in Woodbridge, Ontario.

Navien Canada is the importer of record for the products sold in Canada brought in from the US and South Korea. Navien Canada is a wholly own subsidiary of Navien, Inc. ("Navien US"), a California corporation. Navien US sells its products in Canada through Navien Canada. Navien Canada also imports and sells products in Canada from Kyung Dong Navien Co. Ltd. ("KD"), a public manufacturing company in South Korea with manufacturing facilities located in South Korea.

Navien Canada and its affiliates duly acknowledge and aim to uphold universally recognized human rights principles; as such, Navien Canada aims to operate in accordance with Canada's applicable laws, regulations and policies with respect to human rights. Navien Canada's affiliates have separately implemented policies and procedures aimed at preventing and addressing human rights issues which inform Navien Canada's actions.

STRUCTURE, ACTIVITIES, AND SUPPLY CHAINS

Our Supply Chain

In 2023, Navien Canada employed 10 people. Navien Canada's main office is in Woodbridge, Ontario with a warehouse location near Vancouver, British Columbia. Navien Canada does business in all the provinces of Canada.

Navien Canada is the reporting entity for the purposes of the Act, however, Navien Canada works with Navien US and KD in its supply chain and business operations. Navien Canada imports and sells goods that are produced outside of Canada by KD, who acts as both manufacturer and supplier. Navien US purchases its finished products solely from KD and purchases accessories and parts from KD in Korea and companies in the United States and Canada; Navien US does not perform any manufacturing and is a wholesale distributor of the products manufactured by KD in factories in South Korea. The main component manufactured by KD is the heat exchanger. In its manufacturing processes, KD uses substantial quantities of plastic and metal materials, made and packaged in South Korea. As stated, the ultimate products sold for domestic and Canadian operations are purchased from Navien US and from KD in South Korea; Navien Canada does not import goods into Canada from any other party.

Steps Taken by Navien Canada in 2023

Navien Canada maintains general due diligence policies and processes that act to prevent or reduce the risk of forced labour and child labour in its supply chain and business operations. Although Navien Canada did not take other steps specific for the prevention of forced or child labour in the 2023 financial year, Navien Canada intends to explore further steps it can take to help prevent and reduce the risk that forced labour or child labour is used in its operations.

POLICIES AND DUE DILIGENCE PROCESSES

Navien Canada maintained several policies and processes which affirm its commitment to abiding by applicable forced labour and child labour laws, all of which are maintained in Navien Canada's Canadian Employee Handbook ("**Handbook**"). All Navien Canada employees are required to attest that they have received, read and understand the foregoing. The Handbook provides an overview of the employment policies, guidelines, practices and procedures applicable to its employees in Canada, including:

- a) Navien Canada is committed to complying with all applicable legislation, including all human rights, occupational health and safety, privacy, accommodation and employment standards legislation applicable in the jurisdiction.
- b) Navien Canada maintains an Accommodation Process and an Accessibility Program, clearly outlined in the Handbook to aid employees in resolving accommodation and accessibility related issues.
- c) Navien Canada employees are required under the Handbook to abide by Employee Conduct rules and standards that have been established to promote harmonious and efficient work practices. Where employees violate any of Navien Canada's policies and procedures, whether set out in the Handbook or provided separately, it may result in disciplinary action up to and including termination of employment.
- d) Navien Canada employees are required to conform to Navien Canada's Anti-Discrimination, Violence and Harassment Policy ("**Policy**") and Workplace Discrimination, Violence and harassment Prevention Program ("**Program**"). The aforementioned cover all forms of discrimination, violence, threats of violence, and harassment, including that which is expressly prohibited under occupational health and safety and human rights legislation applicable in the jurisdiction within which the employee resides. The Policy and Program are also applicable to the actions of suppliers, service providers, and any other Navien workplaces.
- e) In accordance with the Policy and Program, Navien Canada maintains explicit informal and formal reporting processes. Navien Canada employees are empowered to contact a manager or Human Resources ("**HR**") to report any instances of improper conduct. Upon receipt of such reports, an investigation will be initiated where appropriate, ensuring confidentiality to the fullest extent possible. Under the Policy and Program, Management has corresponding obligations.
- f) In accordance with the Policy, employees are required to actively participate in all anti-discrimination, violence and harassment training provided by Navien Canada.
- g) Navien Canada maintains a distinct Whistle Blower Process, which applies to serious concerns relating primarily to unethical, fraudulent or illegal business conduct. The Whistle Blower Process clearly outlines what matters are covered by it and how one may proceed with submitting a Whistle Blower report. Navien Canada undertakes to investigate reports under the Whistle Blower Process, where appropriate.

FORCED LABOUR AND CHILD LABOUR RISKS

Navien Canada has not begun the process of identifying risks of forced labour and child labour. However, Navien Canada has mitigated risk of both child and forced labour in our organization and supply chain

through the use of the aforementioned policies and procedures, consistent with its corporate value of prioritizing human welfare, diligent oversight by human resources and risk management functions, as well as continual communication with representatives from Navien US and KD.

REMEDIATION MEASURES

Navien Canada has not identified any forced labour or child labour in its activities or supply chains. As such, it has not undertaken any remediation measures.

REMEDIATION OF LOSS OF INCOME

Navien Canada has not identified any loss of income to vulnerable families resulting from measures taken to eliminate the use of forced labour or child labour in its activities and supply chains.

TRAINING PROVIDED TO EMPLOYEES

In 2023, Navien Canada did not provide training to its employees specific to forced labour or child labour. Moving forward, Navien Canada will be assessing what related training may be appropriate.

ASSESSING EFFECTIVENESS

As outlined above, Navien Canada's current policies and procedures act to reduce the risk that child labour and/or forced labour is present in the Navien Canada's activities and supply chain. Navien Canada currently does not have specific policies and procedures in place to assesses its effectiveness of these control measures.

Moving forward, Navien Canada intends to evaluate its approach to forced labour and child labour through an internal assessment, identifying areas for enhancement. As Navien Canada strives to mitigate human rights risks, it remains dedicated to diligently identifying and remedying such risks. In doing so, Navien Canada will collaborate with Navien US and KD to ensure the implementation and upholding of sound supply chain management and due diligence practices that adhere to legal requirements of the respective jurisdictions.

APPROVAL AND 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 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.

IN WITNESS WHEREOF the authorized signing officer(s) of Navien Canada have executed this report as of the effective date of the signatures set out below.

SIGNED

5/23/2024
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NAVIEN CANADA, INC.

Per: 

Name: Ryan Shin
Title: Chief Financial Officer

I have authority to bind Navien Canada, Inc.