

IBC TECHNOLOGIES INC.

ANNUAL REPORT UNDER SECTION 11 OF THE *FIGHTING AGAINST FORCED LABOUR AND CHILD LABOUR IN SUPPLY CHAINS ACT* (CANADA)

2025

Introduction

This annual report by IBC Technologies Inc. ("IBC Canada") is made pursuant to section 11 of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (Canada) (the "Act") for the Minister of Public Safety and Emergency Preparedness of Canada. This report covers the financial year January 1, 2025 to December 31, 2025.

IBC Canada is a Canadian subsidiary of Rheem Manufacturing Company, a U.S. manufacturer of HVAC (i.e. heating, ventilation and air conditioning), water heating, pool and spa heating and commercial refrigeration products, with headquarters in Atlanta, Georgia. Rheem Manufacturing Company's products are available in over 80 countries and its portfolio of brands includes Rheem®, Ruud®, Friedrich®, Raypak®, Sure Comfort®, WeatherKing®, Eemax®, Richmond®, IBC™, Intergas®, Splendid®, Solahart®, EverHot®, MHG™, as well as commercial refrigeration brands Russell®, Witt®, ColdZone® and Kramer®, which are part of its Heat Transfer Products Group (HTPG®) division.¹ References in this report to "Rheem", "we", "us" or "our" shall refer to Rheem Manufacturing Company and its affiliates (including Canadian affiliates), collectively.

Report

- 1. The steps the entity has taken during its previous financial year to prevent and reduce the risk that forced labour or child labour is used at any step of production of goods in Canada or elsewhere by the entity or of goods imported into Canada by the entity.**

Rheem has a number of policies, procedures and/or practices in place that touch upon the risk of forced labour or child labour in the production of goods produced in or imported into Canada by its Canadian subsidiaries.

All suppliers to Rheem are required to abide by a Supplier Code of Conduct ("Supplier Code of Conduct"), which requires, amongst other things, compliance with applicable laws and regulations. A requirement to comply with applicable laws is also typically incorporated into Rheem's supply agreements.

The Supplier Code of Conduct expressly prohibits suppliers from using, directly or indirectly, forced, slave or child labour or engaging in human trafficking. The Supplier Code of Conduct also sets out a number of other standards and expectations for supplier labour practices including, without limitation:

- Fair compensation for workers by meeting or exceeding all applicable laws and regulations governing wages and overtime payment for workers;
- Compliance with applicable legal limits for working hours and days of service;
- Adherence to minimum legal employment age limits;

¹ The symbols ™ and ® are used to reflect the status of the cited trademarks in the jurisdiction of the relevant brand and not necessarily in Canada.

- Compliance with all laws, including all employment, social security and welfare laws and regulations, in every country and jurisdiction in which the supplier operates;
- Commitment to a workforce free of harassment and unlawful discrimination and treating employees with dignity and respect; and
- A safe and healthy working environment in accordance with applicable laws and regulations.

The Supplier Code of Conduct also requires suppliers to inform Rheem in a timely manner of any ethical concerns involving or affecting Rheem, even if the concern does not involve the supplier, and to provide reasonable assistance in investigating concerns. Suppliers are encouraged to contact Rheem’s ethics helpline or to report concerns at <http://www.rheemethics.com/>.

The Supplier Code of Conduct is regularly reviewed and revised. A copy of the current Supplier Code of Conduct can be found here: <https://www.rheem.com/legal/>. Suppliers must be able to demonstrate compliance at Rheem’s request and Rheem reserves the right to terminate its business relationship with any supplier unwilling to comply with the Supplier Code of Conduct.

2. The entity’s structure, activities and supply chains.

(a) Structure

IBC Canada is a private corporation governed by the *Business Corporations Act* (British Columbia), with primary place of business at 8015 North Fraser Way, Burnaby, British Columbia, Canada, V5J 5M8. The company carries on business in Canada and as of December 31, 2025, had ninety-one (91) full-time employees and fourteen (14) temporary employees, all within Canada. During the 2025 reporting year, the company had one subsidiary based in the United States, IBC Technologies USA, Inc. (“IBC U.S.”), and one affiliate in Canada, Rheem Canada Ltd. – Rheem Canada Ltée. (“Rheem Canada”), each of which was managed and operated independently from IBC Canada.

(b) Activities

IBC Canada is a manufacturer of hydronic heating products, otherwise known as boilers, for residential and light commercial use (“IBC Products”). Its ancillary activities include importing a small number of finished goods which are branded and sold as IBC Products and maintaining certifications for certain Intergas® products for sale in North America (such Intergas® products are manufactured by a European affiliate, not by IBC Canada). During the 2025 reporting year, the company sold IBC Products to its affiliates, Rheem Sales Company, Inc., and Rheem Canada, who in turn brought the products to market in the United States and Canada, respectively, by selling to wholesale customers.

The company has a manufacturing facility and secondary warehouse facility for raw materials and finished goods in Burnaby, British Columbia. Its workforce consists of workers on the floor of the manufacturing and warehouse facilities performing a variety of manual labour tasks (such as loading and unloading items to and from manufacturing belts or delivery trucks, operating machinery and fixing items to finished products) and workers engaged in non-manual labour tasks in the manufacturing and warehouse facilities and across various functions (such as finance, customer support, human resources etc.). Approximately one quarter of IBC Canada’s workforce is engaged in engineering and research and development.

IBC Products include combination boilers for residential hot water and space heating, continuous hot water supply systems, residential heating solutions, volume water heaters, condensing boilers and

specialized products such as pool and spa heat exchangers, air handling units and various accessories. While IBC Canada does not sell directly to wholesalers or end-users, it does offer training, technical support, customer service and, together with Rheem Canada, warranty support for IBC Products sold in Canada.

(c) Supply Chain

IBC Canada's supply chain includes the procurement of materials, components and services for manufacturing hydronic heating products, finished products to the limited extent described above, logistics and related services, equipment and office supplies. Examples of materials and components procured for manufacturing purposes include sheet metal for product cabinetry, blowers, burners, gas valves, ignitors and heat exchangers. The majority of IBC Canada's procurement activities are handled by the local IBC Canada team, with support from Rheem's global procurement team located in the United States and China. IBC Canada has a network of suppliers located in North America, Asia and Europe. Finished products are primarily sourced from China, while components are primarily sourced from Poland, Canada, China and the United States.

3. The entity's policies and due diligence processes in relation to forced labour and child labour.

Rheem has a number of internal policies and processes in place that support the prevention or reduction of the risk of forced labour or child labour in its operations and supply chains, including those of its subsidiaries like IBC Canada. These include the Supplier Code of Conduct described earlier in this report, the Employee Code of Conduct described below and employment screening procedures like work eligibility checks, employment conditions and appropriate workplace behaviour checks. Information about these policies and processes is available to employees through a variety of means, including as part of the onboarding process, through Rheem's intranet and through periodic training sessions. Rheem continuously reviews these policies and processes to ensure that they are up-to-date and comply with legal requirements, market expectations and industry standards.

Rheem will not tolerate human trafficking or slavery in its operations or its suppliers' operations. Rheem encourages all of its procurement employees to be vigilant regarding human trafficking and slavery in Rheem's supply chain and to report any suspected human trafficking or slavery to the Chief Legal Officer of Rheem. Rheem will not retaliate against employees who report suspected human trafficking or slavery in the Rheem supply chain.

4. The parts of entity's business and supply chains that carry a risk of forced labour or child labour being used and the steps taken to assess and manage that risk.

IBC Canada's business and supply chains have not been formally reviewed for the purposes of identifying parts thereof that carry a risk of forced labour or child labour, however, Rheem does have policies, procedures and/or practices in place that address such risk, which benefit its subsidiaries like IBC Canada.

While Rheem does not at this time engage in verification of product supply chains to evaluate and address risks of human trafficking and slavery or specifically audit suppliers for compliance with company standards for human trafficking and slavery, Rheem employees do conduct periodic site visits and audits of certain suppliers. If there is any reason to suspect that a supplier is not complying with human trafficking and slavery standards, then Rheem will address the matter with the supplier. In addition, Rheem generally requires suppliers to be in compliance with all applicable laws and regulations and has

requested certification from suppliers that they comply with applicable laws regarding slavery and human trafficking.

Another important tool for managing the risk of forced labour or child labour is Rheem's Supplier Code of Conduct described earlier in this report. Additionally, Rheem employees are required to acknowledge and adhere to Rheem's Code of Business Conduct & Ethics (the "Employee Code of Conduct"). This Code requires employees to abide by the applicable laws and regulations in each country in which Rheem does business, as well as to report any suspected violations, and the 2026 version explicitly prohibits human trafficking and modern day slavery.

It is worth noting that for IBC Canada specifically, the makeup and location of its workforce is such that the risk of forced labour or child labour in its operations is extremely low in comparison to other types of workers and jurisdictions. Such reasons include:

- Canada has strong protections for worker and human rights;
- IBC Canada employees have freedom of movement at all times (subject to safety restrictions in the manufacturing and warehouse facilities) and are free to end their employment at any time;
- IBC Canada does not retain original copies of any important documents of its employees;
- IBC Canada complies with its legal obligations in relation to the working conditions of employees and minimum legal employment age limits;
- IBC Canada does not tolerate any forms of threatened or actual violence in the workplace; and
- IBC Canada invests a significant amount of time and resources in ensuring the safety, health and well-being of employees (examples include an employee assistance program that offers counselling support to employees and regular reminders that such resources are available).

It is also worth noting that IBC Canada is not currently subject to reporting requirements under supply chain legislation elsewhere, but certain of its affiliates are, in particular under Australia's *Modern Slavery Act 2018* and California's *Transparency in Supply Chains Act*. When such legislation requires due diligence in addition to reporting, it can be another tool by which Rheem identifies and manages modern slavery risks.

Rheem remains committed to preventing slavery and human trafficking from taking place in its operations and supply chains and will continue to review its policies, procedures and/or practices periodically to determine any enhancements that can be made to help prevent modern slavery and human trafficking.

5. The measures taken to remediate any forced labour or child labour.

No measures have been taken to remediate any forced labour or child labour as no specific instances of forced labour or child labour have been identified.

6. The measures taken to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in its activities and supply chains.

No measures have been taken to remediate the loss of income as a result of measures to eliminate the use of forced labour or child labour as no specific instances of forced labour or child labour have been identified.

7. Training provided to employees on forced labour and child labour.

Rheem does not currently offer employee training on forced labour and child labour, but is working to develop and implement training for members of its supply chain workforce to recognize and mitigate human trafficking and slavery risks in the supply chain.

Rheem does offer all employees annual training on the Employee Code of Conduct and encourages employees to report concerns to management. To assist in this effort, Rheem maintains an ethics helpline, accessible by phone or through a web portal, where concerns can be reported anonymously.


8. How the entity assesses effectiveness in ensuring that forced labour and child labour are not being used in its business and supply chains.

No formal action or review has been undertaken to assess effectiveness in preventing and reducing risks of forced labour and child labour in activities and supply chains.

9. Approval and Attestation

This report was approved by the board of directors of IBC Canada in accordance with subparagraph 4(a) 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 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.

Full name: Sarkis Teghararian
Title: Director, Operations and Engineering
Date: May 26, 2026
Signature: 

I have the authority to bind IBC Canada.