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Enerflex

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Modern
Slavery
Report

Modern Slavery Report

Identifying Information

This report has been prepared in accordance with the requirements of Canada's Fighting Against Forced Labour and Child Labour in Supply Chains Act ("the Act") in relation to the financial year from January 1, 2024 to December 31, 2024. It is being submitted by Enerflex Ltd. on its own behalf. This is not a revised version of a report already submitted for this reporting year.

Enerflex Ltd. is a corporation existing under the Canada Business Corporations Act. The principal corporate and registered office of Enerflex Ltd. is located at Suite 904 – 1331 Macleod Trail S.E., Calgary, Alberta, Canada T2G 0K3. Additional information about Enerflex Ltd. and its subsidiaries is available at www.enerflex.com or under the electronic profile of the Company on SEDAR+ and EDGAR. Enerflex Ltd. common shares trade on the Toronto Stock Exchange under the symbol EFX and on the New York Stock Exchange under the symbol EFXT. Enerflex Ltd. and its subsidiaries have approximately 4,600 employees worldwide, and together with interests in associates and joint operations, they operate in 18 countries globally, including Canada, the United States of America ("USA"), Argentina, Bolivia, Brazil, Colombia, Mexico, Peru, the United Kingdom, United Arab Emirates, Bahrain, Oman, Iraq, Nigeria, Saudi Arabia, Australia, Indonesia, and Thailand. Enerflex Ltd. produces goods in Canada, imports into Canada goods produced outside Canada, and controls entities that produce goods outside Canada.

Enerflex Energy Systems Inc. and Exterran Energy Solutions, LP (together, "Enerflex US"), both of which are wholly owned indirect subsidiaries of Enerflex Ltd. incorporated in Delaware, USA, are subject to California's Transparency in Supply Chains Act ("the

California Act"). This report also meets the disclosure requirements of the California Act for Enerflex US. Appendix A provides a detailed index showing how this report meets the specific requirements of both the Act and the California Act. References to "Enerflex" in this report apply to both Enerflex Ltd. and Enerflex US.

Entity structure, activities and supply chain

Enerflex Ltd. and its subsidiaries provide energy infrastructure and energy transition goods and services to customers across the globe, delivering natural gas processing, compression, power generation, refrigeration, cryogenic, and treated water solutions. Enerflex's in-house resources offer a variety of capabilities, including one or more of the following: engineering, designing, manufacturing, constructing, commissioning, operating, and servicing hydrocarbon handling systems.

Enerflex purchases a broad range of materials and components in connection with its business activities. Some of the components used in Enerflex's products and services are obtained from a single source or a limited group of suppliers and Enerflex has long standing relationships with recognized and reputable suppliers and OEMs, such as Ariel, Waukesha, Caterpillar, Jenbacher, and MAN. Supply chain teams within Enerflex operate regionally, adapting their approach based on local demands and business practices.

In 2024, Enerflex operated in one or more of the following sectors or industries: Mining, Quarrying, and Oil and Gas Extraction, Utilities, Construction, Manufacturing, Professional, Scientific and Technical Services, and Management of Companies and Enterprises.

Steps taken to prevent and reduce the risk that forced labour or child labour is used at any step of the production or import of goods

Enerflex Ltd. has undertaken the following steps to prevent and reduce the risk of forced labour and/or child labour in its supply chain:

- Conducting an internal assessment of risks of forced labour and/or child labour in the organization's activities and supply chains
- Gathering information on worker recruitment and maintaining internal controls to ensure that all workers are recruited voluntarily
- Developing and implementing due diligence policies and processes for identifying, addressing and prohibiting the use of forced labour and/or child labour in the organization's activities and supply chains
- Carrying out a prioritization exercise to focus due diligence efforts on the most severe risks of forced and child labour
- Requiring suppliers to have in place policies and procedures for identifying and prohibiting the use of forced labour and/or child labour in their activities and supply chains
- Developing and implementing anti-forced labour and/or – child labour contractual clauses
- Developing and implementing grievance mechanisms to address complaints in the workplace
- Developing and implementing training and awareness materials on forced labour and/or child labour
- Developing and implementing procedures to track effectiveness in addressing forced labour and/or child labour

These steps are described in greater detail in subsequent sections of this Report.

Policies and due diligence processes in place related to forced labour and/or child labour

Enerflex is committed to conducting business to the highest standards of ethical business practice and conduct and embeds responsible business conduct into its policies and management systems.

Enerflex has implemented the following elements of the policies and/or due diligence process in relation to forced labour and/or child labour:

- Embedding responsible business conduct into policies and management systems
- Identifying and addressing potential and actual adverse impacts in operations, supply chains and business relationships
- Ceasing, preventing or mitigating potential and actual adverse impacts
- Tracking implementation and results
- Communicating how impacts are addressed

Enerflex has adopted a Business Code of Conduct (the "Code") which establishes specific standards of ethical business practice and conduct expected of all directors, officers, employees, and contractors of Enerflex, including that they act with fairness and provide a safe and respectful work environment, where all individuals are treated with dignity and respect.

Enerflex has also adopted a Modern Slavery and Human Trafficking Policy (the "Policy") which supports and substantiates this commitment and requires compliance with applicable laws relating to exploitation such as human trafficking, forced labour, child labour, and other slavery-like practices including debt-bondage. The Policy was approved by the Board of Directors of Enerflex Ltd. (the "Board") and has been communicated to all employees of Enerflex Ltd. and its subsidiaries.

Employees who fail to follow the requirements of the Code or the Policy are subject to disciplinary action up to and including termination of employment.

Under the Policy, Enerflex strives to ensure that forced labour and child labour are not taking place in its supply chains and operations, including through recruitment

and employment practices. Enerflex does not knowingly engage in forced labour or child labour or partner with any supplier who does. Enerflex maintains recruitment procedures and employment practices to facilitate compliance with applicable employment, labour and human rights laws.

Enerflex conducts due diligence before engaging certain suppliers to identify adverse reports that might implicate suppliers in forced labour and/or child labour situations. Suppliers approved for business through this screening are then subjected to recurring screening intended to flag any new adverse reports that may emerge. An adverse report regarding a supplier may result in engagement by Enerflex of third-party investigators to obtain further information about that supplier. If a potential or actual adverse impact is identified through the due diligence process, Enerflex acts to prevent, or mitigate that impact.

Enerflex tracks the implementation and results of its actions, and communicates how impacts are addressed, internally through management reporting, as well as through this report.

Enerflex's standard terms and conditions of purchase require its direct suppliers to agree and covenant that they will not engage in any form of modern slavery (including human trafficking, forced, involuntary or child labor, unlawful recruitment, human trafficking or any slavery-like practices including debt-bondage and servitude) in the provision of goods or services, and that they have implemented due diligence procedures for participants in their own supply chain to ensure that there is no slavery or trafficking in their supply chain. The standard terms also provide that the supplier warrants that it will comply with all applicable laws.

Enerflex's Whistleblower and Compliance Hotline provides a mechanism through which management, with oversight from the Board of Directors, can address concerns regarding violations of policies, including the Code and the Policy, that may be raised by employees, suppliers, customers or members of the public.

Management prepares an annual report to the Board on the steps taken during the previous year to prevent and reduce the risk that forced labour or child labour is being used in its supply chain or operations.

Identification of forced labour and child labour risks, and steps taken to assess and manage that risk

Enerflex Ltd. takes steps to identify and assess potential and actual adverse impacts of forced labour and child labour in operations, supply chains, and business relationships. We have identified parts of our activities and/or supply chains that carry risks to the best of our knowledge, and we will continue to identify emerging risks.

Enerflex Ltd. has not identified any instances of forced labour or child labour in its operations or supply chain. Nevertheless, the risk of forced labour or child labour in our supply chain remains on account of:

- the sector or industry we operate in (e.g. oil and gas extraction and construction);
- the types of products we produce or import;
- the types of products we source;
- the raw materials or commodities used in our supply chain; and
- tier two and tier three suppliers, as well as suppliers further down the supply chain.

Most inputs into Enerflex Ltd.'s supply chain in 2024 came from the United States and Canada where the risks of forced labour and child labour are low. Nevertheless, Enerflex Ltd. is potentially exposed to these risks when it sources goods (directly or indirectly) from countries with a higher risk of modern slavery. Enerflex Ltd. refuses to knowingly partner with any supplier that engages in modern slavery, however it is possible these risks remain, especially for indirect (e.g. tier two, tier three and beyond) suppliers.

Enerflex Ltd. has assessed the risk of forced labour in its supply chain by conducting a review of the goods it imported into Canada during 2024 against the items included in the U.S. Bureau of International Labor Affairs list of goods associated with child labour or forced labour. A few small areas of overlap were identified, indicating higher risk in those areas. Our supply chain teams are working with the relevant tier one suppliers to obtain additional information and assurances, to further reduce the risk of forced labour or child labour in connection with goods procured by Enerflex Ltd. in those areas of overlap.

Measures taken to remediate any forced labour or child labour

Not applicable. We have not identified any forced labour or child labour in our activities and supply chains.

Measures taken to remediate the loss of income to the most vulnerable individuals and families

Not applicable. Enerflex 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 on forced labour and child labour

All employees and independent contractors providing services to Enerflex are required to take mandatory training on Enerflex's Code at least once every 24 months. Senior leadership is required to undergo this training annually. The Code training is designed to ensure that personnel are aware of Enerflex's standards of ethical business practice and expectations regarding ethical conduct, including the obligation to act with fairness and to provide a safe and respectful work environment, where all individuals are treated with dignity and respect. Training is conducted online via a portal containing content provided by Enerflex.

In 2024, Enerflex introduced training specifically focused on identifying and preventing the risk of modern slavery, including forced labour and child labour, in our supply chain. This training program is mandatory for all employees and independent contractors and must be completed at least once every 24 months. Senior leadership is required to undergo this training annually.

Assessing effectiveness in ensuring that forced labour and child labour are not being used

Enerflex uses the following methods to assess its effectiveness in ensuring that forced labour and child labour are not being used in its activities and supply chains:

- Setting up a regular review or audit of the organization's policies and procedures related to forced labour and child labour.
- Internal Audit conducts periodic auditing on the application and effectiveness of Enerflex's supplier screening for modern slavery risks, as required by the Policy. In 2024, Enerflex's Internal Audit conducted an audit of its modern slavery compliance program and concluded that Enerflex is fully compliant, both with applicable legislation and with its internal policies regarding modern slavery.
- Enerflex encourages stakeholders to share concerns related to violations of the Code, policies or applicable laws via a confidential whistleblower system.
- Management prepares an annual report to the Board on the steps it has taken during the previous year to prevent and reduce the risk that forced labour or child labour is being used in its supply chain or operations.

In 2024, Enerflex US did not conduct audits of suppliers to evaluate supplier compliance with company standards for trafficking and slavery in supply chains.

Attestation

In accordance with the requirements of the Act, and in particular section 11(4)(b)(i) 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.

I have the authority to bind Enerflex Ltd.



Marc Rossiter
C.E.O., President & Director
February 27, 2025

Appendix A

Index of reporting requirements of the Fighting Against Forced Labour and Child Labour in Supply Chains Act (“the Act”) and the Transparency in Supply Chains Act (“the California Act”).

SECTION OF THIS REPORT	SECTION OF THE ACT	SECTION OF THE CALIFORNIA ACT
<p>Entity structure, activities, and supply chain</p>	<p>11(3)(a) – structure, activities and supply chains</p>	
<p>Steps taken to prevent and reduce the risk that forced labour or child labour is used at any step of the production or import of goods</p>	<p>11(1) – 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 the production of goods in Canada or elsewhere by the entity or of goods imported into Canada by the entity</p>	
<p>Policies and due diligence processes in place related to forced labour and/or child labour.</p>	<p>11(3)(b) – policies and its due diligence processes in relation to forced labour and child labour</p>	<p>1714.43(c)(1) – verification of product supply chains to evaluate and address risks of human trafficking and slavery. The disclosure shall specify if the verification was not conducted by a third party.</p> <p>1714.43(c)(3) – requires direct suppliers to certify that materials incorporated into the product comply with the laws regarding slavery and human trafficking of the country or countries in which they are doing business.</p> <p>1714.43(c)(4) – maintains internal accountability standards and procedures for employees or contractors failing to meet company standards regarding slavery and trafficking</p>
<p>Identification of forced labour and child labour risks, and steps taken to assess and manage that risk</p>	<p>11(3)(c) – the parts of its business and supply chains that carry a risk of forced labour or child labour being used and the steps it has taken to assess and manage that risk</p>	
<p>Measures taken to remediate any forced labour or child labour</p>	<p>11(3)(d) – any measures taken to remediate any forced labour or child labour</p>	
<p>Measures taken to remediate the loss of income to the most vulnerable individuals and families</p>	<p>11(3)(e) – any 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</p>	
<p>Training provided to employees on forced labour and child labour</p>	<p>11(3)(f) – the training provided to employees on forced labour and child labour</p>	<p>1714.43(c)(5) – provides company employees and management, who have direct responsibility for supply chain management, training on human trafficking and slavery, particularly with respect to mitigating risks within the supply chains of products</p>
<p>Assessing effectiveness in ensuring that forced labour and child labour are not being used</p>	<p>11(3)(g) – how the entity assesses its effectiveness in ensuring that forced labour and child labour are not being used in its business and supply chains</p>	<p>1714.43(c)(2) – conducts audits of suppliers to evaluate supplier compliance with company standards for trafficking and slavery in supply chains. The disclosure shall specify if the verification was not an independent, unannounced audit.</p>

Enerflex

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