

Report on Forced Labor and Child Labor 2023

1. INTRODUCTION

This report pertains to the fiscal year ending on December 31, 2023. It is published by Descours & Cabaud Canada Inc. (the “Company”) and its relevant subsidiaries, in compliance with the Canadian law on combating forced labor and child labor in supply chains (“the Law”). References in this report to “D&C Group,” “we,” “our,” and similar terms refer to Descours & Cabaud Canada Inc. and its affiliated companies in general, including one or more of them or those who work within them. The affiliated companies of the Company covered by this report include Equipment World Inc. (“EWI”), Ficodis Inc. (“Ficodis”), Les Équipements Industriels I.B.S. de Val D’or Inc., and Intercity Industrial Supply Limited (“Intercity”).

2. PREVENTION AND MITIGATION OF FORCED LABOR AND CHILD LABOR RISKS

D&C Group places essential sustainable development values at the core of its business identity, emphasizing economic efficiency, social equity, and environmental protection. In line with these values, we adopt a zero-tolerance approach to human rights violations, regardless of their nature. During our last fiscal year, we implemented the following measures across various levels of our subsidiaries to prevent and mitigate the risk related to forced labor or child labor in our business operations and supply chains:

- We mapped a portion of our supply chains.
- We continued to implement policies and due diligence processes to identify, address, and prohibit the use of forced labor and/or child labor in our activities and supply chains.
- We further deployed best practices in accordance with our codes of conduct, which firmly commit D&C Group to eliminating all forms of forced labor and abolishing child labor.
- We conducted periodic audits of our suppliers as needed.
- We maintained a reporting mechanism to report serious violations. While the specific measures outlined above may vary among subsidiaries, our goal is to align them based on the highest common standards across all subsidiaries. This report also provides an overview of certain measures we plan to extend to the entire D&C Group in the fight against forced labor and child labor.

3. OUR BUSINESS ACTIVITIES AND SUPPLY CHAINS

The Company is a wholly-owned subsidiary of Descours & Cabaud SA. From France, our parent company oversees our international operations, including our Canadian commercial activities carried out by the Company and its subsidiaries.

D&C Group specializes in the distribution of products and services dedicated to the performance of its customers in industry and construction, notably concerning the industrial distribution of complete solutions in the fields of power, tooling, cutting and safety, as well as the rental and sale of equipment. D&C Group is recognized for its ability to build lasting partnerships with its professional customers, by committing itself alongside them in the constant quest for productivity,

performance and innovation. Respect is at the forefront of our relationships with our employees and partners.

Through its subsidiaries, D&C Group operates 43 sales outlets in Canada, located in Quebec and Ontario, and employs a total of 780 people. We offer our customers specialized products under our own brands or under the brands of our renowned business partners.

3.1 Our supply chain

Each D&C Group subsidiary manages its product supply independently:

- EWI sources exclusively from suppliers located in Canada and the United States.
- For Intercity, the vast majority of our suppliers are located in Canada and the United States, with a minor portion of total supplies coming from suppliers located in Europe.
- The vast majority of Ficodis suppliers are located in Canada, the United States and Europe, with the remainder sourced from suppliers in Asia, including China and India.

Ficodis purchases in particular from Descours & Cabaud SA, our French parent company. Opsial brand products are subject to our parent company's due diligence procedures, as well as its rigorous measures to combat forced and child labor, including codes of conduct, supplier audit procedures and a due diligence process in compliance with applicable laws in France. These products are then redistributed to other D&C Group subsidiaries according to their needs.

With regard to other suppliers to D&C Group companies, although we have little visibility over the supply chain of these suppliers, we give preference to well-established suppliers in the industry, in the knowledge that they themselves must comply with the laws and regulations applicable to their operations.

4. DUE DILIGENCE POLICIES AND PROCESSES

We aspire to procurement practices that promote social and environmental performance shared with all stakeholders, and we pay constant attention to social developments, including working conditions and the working environment. That's why we have zero tolerance for forced and child labor.

4.1. Supplier codes

The Supplier Code of Conduct and the Supplier Charter for Responsible Purchasing for Private Label Brands (collectively, the "Supplier Codes"). The Supplier Codes adopted by Descours & Cabaud SA, our parent company, apply to D&C Group and must be signed by all our suppliers before they begin a business relationship. These supplier codes are in line with the United Nations Sustainable Development Goals, in particular Goal 8 on decent work, and contain a firm commitment by D&C Group to the elimination of all forms of forced labor and the abolition of child labor.

The supplier codes provide for the implementation of corrective measures in the event of our partners failing to meet their commitments under the supplier codes. In furtherance of our fight against forced labor and child labor, we intend to officially roll out these supplier codes to the whole of D&C Group in the coming year.

4.2 Code of conduct and policies

Code of conduct

Our parent company's Code of Conduct applies to all D&C Group employees and is designed not only to help our employees comply with the law and our ethical principles, but also to help them support others in complying with our rules. The Code of Conduct emphasizes the importance to D&C Group of ethical business practices, including the fair treatment of suppliers, and reiterates the importance of ensuring that Group D&C's ethical expectations are integrated and followed by all our suppliers, regardless of country.

The Code of Conduct provides for a whistleblowing system that can be used in good faith by all D&C Group employees to report any serious breach of the law, regulations or ethical standards observed within Group D&C. The author of the alert is protected against any discriminatory, sanctioning or disciplinary measure in respect of any report made in good faith.

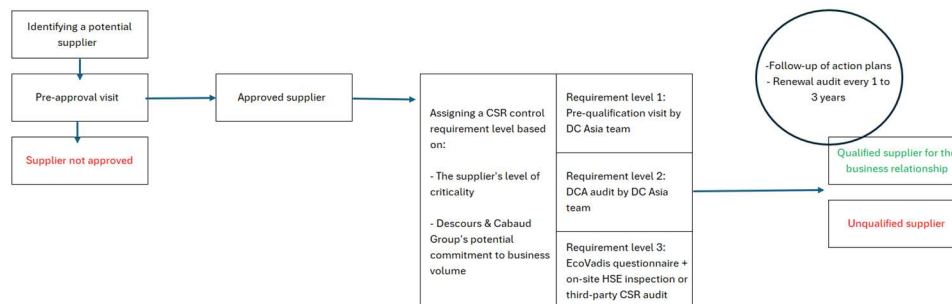
Policies

We have put in place various policies on harassment and occupational health and safety, by which D&C Group generally recognizes the right of workers to a safe working environment free from discrimination and harassment in all its forms. We are committed to remaining vigilant to any discrimination or harassment in our workplaces, and to dealing with any complaints confidentially, fairly and promptly.

In addition, Intercity has implemented a separate whistleblower policy under which our employees, as well as third-party contractors and vendors with whom we do business, are encouraged to report any suspected illegal or unethical acts that they believe they have witnessed. The guide provides protection against disciplinary action or retaliation for whistleblowers acting in good faith, and states that complaints are dealt with promptly and impartially.

4.3. Due diligence process

Our sourcing of private labels from our French parent company is subject to a due diligence process in relation to its imports from Asia, as Descours & Cabaud SA is itself subject to equivalent legislation in France, which also includes a duty of care. To ensure that all players in our supply chain and our contractors comply with our values, our parent company has put in place supply chain compliance guidelines. Over the course of 2024 and 2025, we will be transitioning our purchases from Asia to transact entirely through our parent company, ensuring a full due diligence process for these goods. Ultimately, this means that a significant proportion of our imports will be subject to due diligence by our parent company, as illustrated in the diagram below.



For more details on this process, we invite you to consult Descours & Cabaud SA's Supplier Code, which is available on its website at www.descours-cabaud.com.

These guidelines set out the minimum standards, according to the level of risk identified, for the audit of potential and existing suppliers, whether by our parent company or one of its subsidiaries, or through specialized external auditors, at the start of the business relationship and on a periodic basis (renewal audit every one to three years). Audit procedures include an initial visit and, when required, the implementation of an action plan and the making of commitments by the supplier.

5. RISK ASSESSMENT AND MANAGEMENT

As part of our risk assessment, we have begun, indirectly via our parent company, to map the risks associated with our private label sourcing, with an emphasis on supply chains with a higher risk of forced and child labor. Due to the partial nature of this analysis exercise, no definitive spheres of risk have yet been identified, but supply chain risks will be analyzed in greater detail as the assessment process continues into 2024 and beyond.

To mitigate supply chain risks, the D&C Group fosters long-standing relationships with its suppliers and fluid, transparent communication with them, not to mention the fact that our parent company's due diligence process will very shortly be applied to all our imports from Asia.

We have not identified any cases of forced or child labor in our operations or supply chain. Consequently, we have not had to take any action to remedy a case of forced or child labor, and no loss of income for vulnerable families has been reported in connection with any such action.

If a situation of forced or child labor were to be brought to our attention, D&C Group would immediately take appropriate remedial measures to put an end to it and prevent such situations in the future.

6. TRAINING

During the reporting period, D&C Group began rolling out ethics training, and eventually all our staff will be trained.

We are currently evaluating the possibility of offering our purchasing team training in supply chain transparency issues, which is currently offered by our parent company in France. This training would focus more specifically on the visibility of the social, environmental and ethical performance of suppliers or commercial service providers.

7. EVALUATING THE EFFECTIVENESS OF OUR APPROACH

D&C Group intends to review the effectiveness of its policies from time to time to ensure that they are adapted to our needs. To date, however, we have not taken specific steps to evaluate the effectiveness of our actions in preventing and reducing the risk of forced labor and child labor in our operations and supply chain. That said, if a situation of forced labor were to come to our

attention, we would gather the necessary information to identify its cause, review our policies and procedures in light of the situation, and assess the effectiveness of our actions.

To ensure that our practices live up to our core values, we intend to develop our process for evaluating the effectiveness of our actions, and to introduce concrete measures by adopting a code of ethics applicable to all our staff, as well as a code of conduct for suppliers.

8. APPROVAL AND CERTIFICATION

This report was approved by the Board of Directors of Descours & Cabaud Canada inc. on May 30, 2024 in accordance with subparagraph 11(4)(b)(ii) of the Act and constitutes the report of our group for the fiscal year ending December 31, 2023.

In accordance with the requirements of the Act, and in particular section 11 thereof, I certify that I have examined the information contained in the report for the entities listed in the first section of this report. To the best of my knowledge and having exercised due diligence, I confirm that the information contained in the Report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year referred to above.

I have the authority to bind Descours & Cabaud Canada Inc.

Full name : Philippe Massonneau

Title : Director

Date : May 30th, 2024