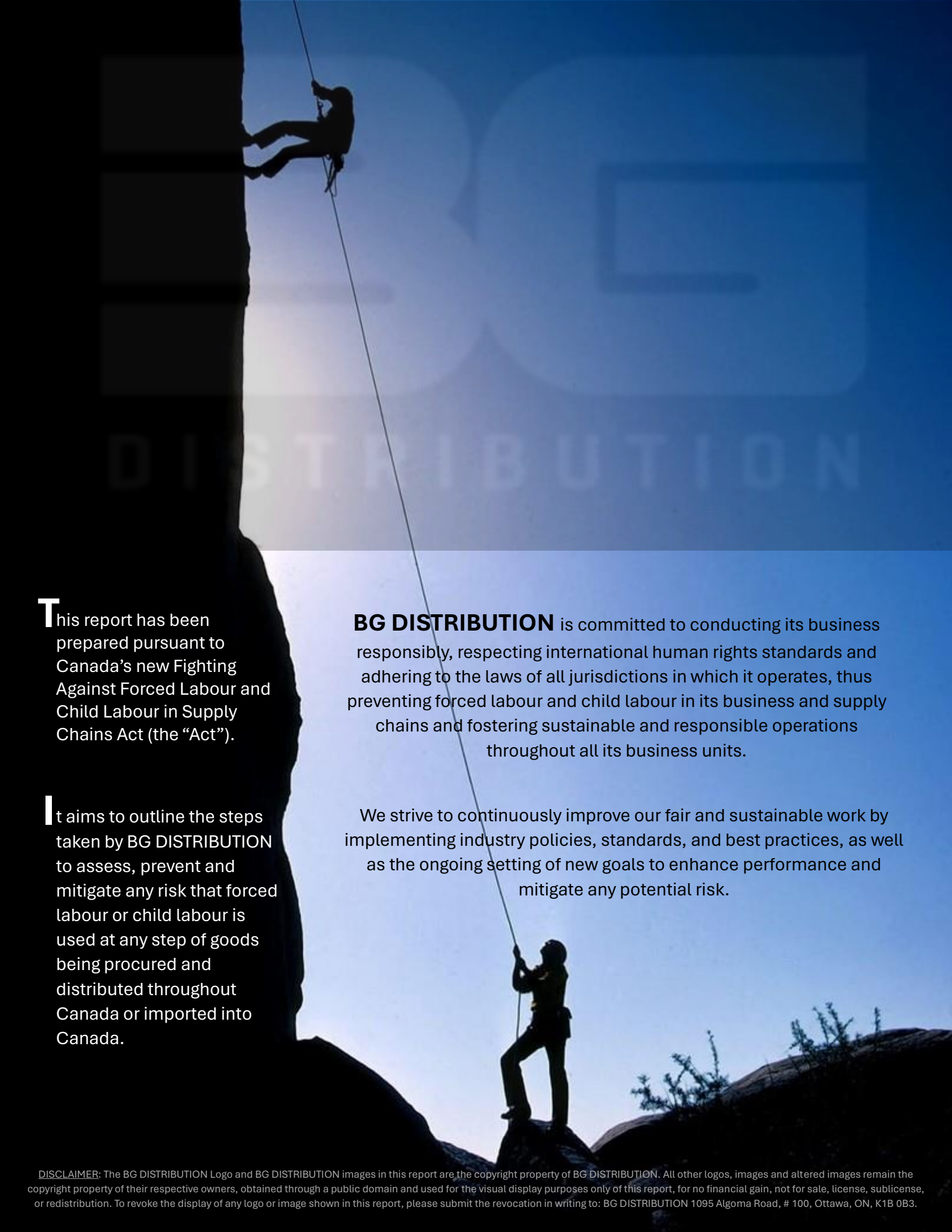


FIGHTING AGAINST FORCED LABOUR & CHILD LABOUR IN SUPPLY CHAINS



May 2024
Annual Report





This report has been prepared pursuant to Canada’s new Fighting Against Forced Labour and Child Labour in Supply Chains Act (the “Act”).

It aims to outline the steps taken by BG DISTRIBUTION to assess, prevent and mitigate any risk that forced labour or child labour is used at any step of goods being procured and distributed throughout Canada or imported into Canada.

BG DISTRIBUTION is committed to conducting its business responsibly, respecting international human rights standards and adhering to the laws of all jurisdictions in which it operates, thus preventing forced labour and child labour in its business and supply chains and fostering sustainable and responsible operations throughout all its business units.

We strive to continuously improve our fair and sustainable work by implementing industry policies, standards, and best practices, as well as the ongoing setting of new goals to enhance performance and mitigate any potential risk.

BG Our Business

STRUCTURE

Founded in 1992, BG DISTRIBUTION is a Canadian privately owned corporation, incorporated under the Canada Business Corporations Act with headquarters in Ottawa, Ontario.

BG DISTRIBUTION is a leading and respected architectural/door hardware and electronic security distributor operating through its offices in Ottawa, Montreal, Quebec City, Toronto, Vancouver, and Winnipeg.



SUPPLY CHAIN CHANNELS

BG DISTRIBUTION aims to be the industry's go-to link between manufacturers and end-users for architectural hardware, locksmith products and access control products.

The company prides itself on its ethical professionalism and quality relationships with clients and partners, working with suppliers, agents, consultants and other third parties, as well as their corresponding employees, directors, and officers (collectively "Business Partners") who are committed to upholding the same integral ethical, social, and environmental responsibilities.

Our main business partners provide a comprehensive range of products and services including but not limited to:

- Door Control
- Cylinders
- Key Machines
- Locks
- Door Security
- Electronics
- Padlocks
- Exit Devices
- Pick sets/Tools
- Construction & Maintenance
- Operational Services
- General Hardware
- Pin kits
- Pin Tools/Accessories
- General Parts
- Key Accessories
- Thresholds & Astragals
- Mail Boxes/Accessories
- IT Products & Services
- Machinery, parts & Maintenance



BG DISTRIBUTION

Is committed to operating in an ethical, inclusive, safe, transparent, socially, and environmentally responsible way, including respecting all aspects of human rights, and meaningfully engaging with and learning from our employees and all the members of the communities where we live and operate.

Our policies and procedures aim to prevent and reduce the risks of forced labour and child labour throughout our operations and supply chains and are applied company-wide to support our continuous commitment to upholding human rights. We have a zero-tolerance policy for any human rights abuses, which inherently extends to the use of forced labour and child labour.

BG DISTRIBUTION monitors compliance of all its policies in accordance with all applicable laws through an internal assessment mechanism, which is periodically reviewed. External audits by independent third parties may be also commissioned where required.

The employment of any individual below the minimum age permitted by local law is strictly prohibited. In addition to this, the company prohibits the use of all forms of forced labour, including but not limited to prison labour, military labour, indentured labour, bonded labour, modern forms of slavery, and any form of human trafficking.





Due Diligence

Our ability to operate and ensure long-term success is directly proportional to how well we identify and manage potential risks to our Company, including the risk of forced labour or child labour being used in our business and supply chains. The Assessment of our effectiveness in managing that risk is a shared responsibility of our Board of Directors (Board) and management.

It is therefore the Board, with support from the management team, who is responsible for identifying and understanding the Company's principal risks and ensuring that appropriate systems are implemented to monitor, manage and mitigate those risks through Annual Corporate Risk Assessments.

CONTRACTUAL OBLIGATIONS

All of our suppliers are contractually required to comply with all applicable laws and regulations and to adhere to applicable Company policies. Failure to comply with applicable laws and regulations or to comply with Company policies constitutes a material breach of contract, which entitles the Company to take immediate remedial steps up to and including termination.

In view of this, and given the nature of our business (focused on distribution and procurement as opposed to the production of goods), forced labour or child labour in our supply chains has not, to date, been identified as a material risk as part of our corporate risk assessment. Therefore, it was not deemed necessary to take any actions to remediate any forced labour or child labour.

However, in the event that an issue does arise that could cause for this risk to take place, a committee would be mandated for the oversight of human rights matters, to make recommendations to the Board in respect of any changes needed to Company policies and practices.

BG DISTRIBUTION is committed to continuing to identify, on an ongoing basis, areas for improvement in the prevention of forced and child labour in its business and supply chains.



RISK MANAGEMENT

Actions to reduce and prevent the risk of forced labour and child labour in our supply chains

BG DISTRIBUTION has identified certain areas of its business and supply chains that may potentially carry a risk of forced labour and child labour, based on countries and goods that are at a higher risk for human rights violations. We are confident that we have processes in place to manage these risks during the contracting phase and throughout the duration of the relationship with our suppliers. However, ongoing monitoring and continuous improvement practices are in place to take corrective action if unforeseen circumstances take place.

As the business is currently undergoing a phase of rapid growth and development, it is challenged by increasing operating requirements and limited by scarce resources and time constraints.

The company addresses these limitations and challenges with the support of its business partners and advisors to take any necessary corrective action needed and mitigate any potential risk.

FOCUS AREAS

We have identified the following areas of opportunity to further enhance our ability to reduce and prevent the risk of forced labour and child labour in our business:

EMPLOYEE TRAINING

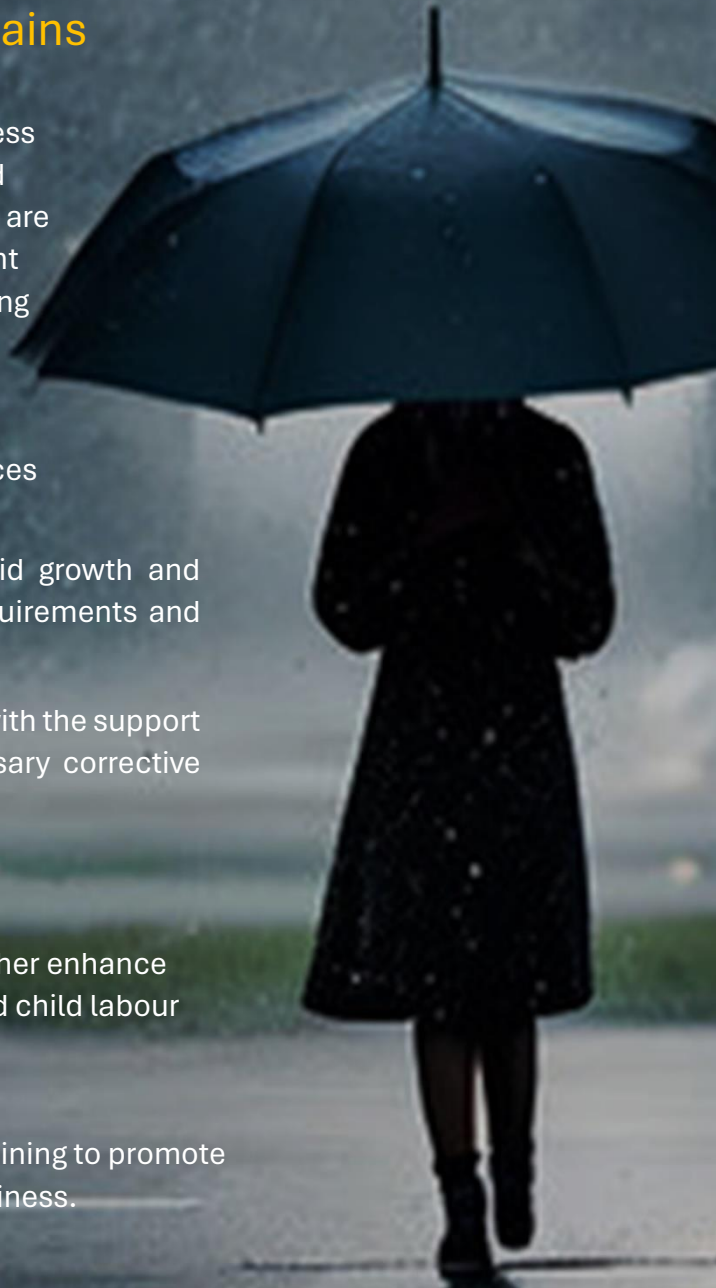
Further enhance our employee onboarding and ongoing training to promote and increase further awareness across all areas of our business.

SUPPLIER AUDITS & ASSESSMENTS

Conduct more regular and thorough audits and assessments of our suppliers evaluating compliance with labour standards, ensuring the prohibition of forced labour or child labour.

THIRD-PARTY MONITORING AND AUDIT

Make use of the services of third-party monitoring organizations or certification bodies to independently assess compliance with labour standards, including the absence of forced labour and child labour, within the supply chain.



APPROVAL

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ATTESTATION



This report was approved by the Board of Directors of BG DISTRIBUTION on May 30, 2024. In accordance with the requirements of the Act, I attest that I have reviewed the information contained in the report for the Reporting Entity BG DISTRIBUTION (Brunet-Goulard Les Agences/Agencies Inc.).

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 year mentioned above.

I have the authority to bind BG DISTRIBUTION (Brunet-Goulard Les Agences/Agencies Inc.).

A white rectangular box containing a handwritten signature in black ink. The signature appears to be 'FG' followed by a stylized, cursive name.

Francine Goulard
President
BG DISTRIBUTION