

Canpro Decorating Products Cooperative

Forced Labour and Child Labour in Supply Chains Company Assessment

Identifying Information	
Reporting Entity's Legal Name:	Canpro Decorative Products Cooperative
Financial Reporting Year	July 1, 2022 – June 30, 2023
Business Number	899037642

The categorizations that apply to the Company	<p>Canadian business presence:</p> <ul style="list-style-type: none">- Has a place of business in Canada- Does business in Canada- Has assets in Canada <p>Size-related thresholds</p> <ul style="list-style-type: none">- Has at least \$20 million in assets for at least one of its two most recent financial years- Has generated at least \$40 million in revenue for at least one of its two most recent financial years
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Sectors or Industries that the Entity operates in: Paint and Decorating Products for Canada—country wide

Activities

Supply Chain Canpro Decorating Products Cooperative operates as a federally registered cooperative buying group within the Paint and Decorating products industry. Activities of entity include:

The processing of invoicing and collection of payment for all of our shareholders store purchases from our designated suppliers of our group.

Running of a small distribution warehouse for the benefit of our member stores to provide them with easier access and better pricing on a range of paint and decorating products.

Negotiating with suppliers to provide the best financial programs for the benefit of our member stores purchases. We negotiate programs that give our members savings in the form of extra discounts based on the collective purchasing power of our group. Our vendors offer us extra discounts based on having

structured payments of their invoicing with no efforts from the vendor for collections. Our vendors receive full payment of all invoices on a set date negotiated with that vendor.

Our first-tier supply chain exists only of Canadian and US suppliers. We do not purchase any products outside of these two countries. We are aware that some of our suppliers do bring in products that are not produced in North America as we see the country of origin data from our US based suppliers. In our supply chain over 80% of our purchases are from one North American manufacturer of paint. We would estimate that less than 5% of our purchases are goods from countries of origin outside of North America.

Current policies and procedures

We currently have not developed any policies or procedures to deal with forced or child labour as all of our purchases come from United States or Canadian suppliers. In our current fiscal period we are reviewing possible procedures to help to ensure that all products that are purchased do not involve forced or child labour. This may include sending a questionnaire to all of our suppliers which have products with a country of origin outside of North America. The questionnaire will review how their products are produced and how the labour force is recruited to produce these products. We have a very small office(3 employees) where employees are encouraged to talk about anything that they may view as out of the ordinary. We constantly talk in the office if anything comes up and employees are encouraged to express anything that occurs that raises any questions in their mind about the ethics of a vendor to our group.

Due diligence

We currently believe that all of the products that we are purchasing have no relation to Child or Forced labor do to the fact that all products are purchased from United States and Canadian suppliers. As well in the preparation of this report I have talked with a few of our larger Canadian suppliers that sell some products that are not produced in Canada. They are having their factories audited by some of their large purchasers to ensure that their products are made without child or forced labour.

Risk Assessment

Canpro Group has begun the process of identifying the risk of forced labour child labour within their activities and supply chains however, there are still gaps in the assessment process.

Industry of Operations: Paint and associated Decorating Products. This includes paint, window coverings, wallpaper, specialty coatings and a variety of industry related products. The significant amount of our volume of sales is from invoicing that flows through our billing system. Suppliers send their invoicing to us and we then send the invoice to the member and send them a consolidated statement at month end for all of their purchases. We also run a small distribution warehouse for our members to better access products. This represents about 1 ½% of our total volume of sales.

Countries goods are procured from: All of our goods are currently being purchased from Canadian and United States based companies. We are aware that a very small percentage of our purchases are goods which have a country of origin outside of North America. This is where the inherent risk of child or forced labour would be in our industry. Our best estimate would be that less than 5% of our total sales volume would come from product that has a country of origin outside of North America. Almost all of our paint coatings are procured from North American manufacturers which account for over 80% of our purchases.

Goods Procured

We purchase a large variety of North American produced paint and decorative paint products. We would view this portion of our business to have no risk of child or forced labor because it is almost all produced in North America.

We purchase a wide variety of paint related sundry items such as brushes and rollers. We do believe there is a small but inherent risk of child or forced labour being associated with certain areas of these purchases as some of these items have a country of origin outside of North America. As our purchases are from large North American companies, we feel this risk is very low. One product of concern in our industry would be disposable gloves where one of the worlds largest producers has had ties to forced labour. That producer was banned from selling product in the US and Canada and was not selling its product to our group. This type of product does have inherent risk but would represent a very small percentage of our purchases(approx. 0.03% of our purchases)

We purchase many different decorating products such as wallpaper and window coverings. Again, there is a small but inherent risk of child or forced labour being associated with these purchases.

Remediation of Forced & Child Labour & Vulnerable Family Income Loss

To date, there have been no instances identified by Canpro Group of forced labour or child labour within their activities or supply chains. Therefore, the Company 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 our activities and supply chains.

Awareness Training

1. During the onboarding process for new employees, the company provides training on it's Code of Conduct. This document has aspects related to forced labour and/or child labour through non-discrimination, anti-harassment, and professional behaviour clauses. This training is mandatory.
2. The company is exploring opportunities to provide training to all employees in identifying, assessing, and responding to risks of child labour and forced labour within the activities and supply chains of the company.

Assessing Effectiveness

We are a very small office with only 3 staff in our office and only have 2 staff that are involved in the purchase of goods. This allows us to have a simple set of procedures to try and monitor and mitigate the risk of child and forced labour. Our professional behaviour policy would support our staff in making ethical decisions if they feel there is any risk of child or forced labor happening in any of our supply chains. Our buying group maintains very strong ethics in what we do and our agreements with vendors. Vendors have been removed in the past for violating our agreements and would immediately be removed as a vendor to our group if found to have any ties to forced or child labour.

We are also looking at adding further policies to help ensure that there is no forced or child labour occurring in any of our supply chains. Although we feel the risk of any child or forced labour occurring in our current supply chains is very minimal, we will continue to monitor our suppliers and add any measures necessary to ensure that this is not occurring.

Steps Taken to Prevent & Reduce Risk of Child Labour or Forced Labour

During the previous financial year, the entity has taken the following steps 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:

Mapping supply chains—Canpro has reviewed its supply chains and identified the suppliers who's goods have a country of origin from outside of North America.

Supplier due diligence: The company has due diligence measures when choosing and selecting suppliers to engage with, including community reputation, past performance, commodity pricing, and likelihood of delivery. Products which are sold in our supply chain are almost always not the least expensive products that are available. The quality of the product is given more value than being the least expensive product in the market. This policy in purchasing of products helps to avoid suppliers who are using child or forced labour.


Monitoring suppliers: The company has annual reviews in place of suppliers, to ensure performance obligations are being met.

Supplier due diligence: The company has buyers who approve, monitor, and oversee supplier performance; although, there is no formal policy to guide buyers on how they buy. The organization does collect information on it's first-tier (direct) suppliers, including name and address, company contact

information, phone numbers, and emails. The company also monitors all products that have a country of origin outside of North America from all US suppliers.

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 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.

Full Name	<u>Rodney deBeater</u>	Signature	<u></u>
Title	<u>PRESIDENT</u>	Date	<u>MAY 31-2024</u>

I have the authority to bind *Canpro Group* and this report covers financial year 2023 and applies to *Canpro Group* and all entities considered reporting entities in terms of the Act and any controlling subsidiaries of *Canpro Group* if they apply.