

May 31, 2024



2024 REPORT ON BILL S-211, AN ACT TO ENACT THE FIGHTING  
AGAINST FORCED LABOUR AND CHILD LABOUR IN SUPPLY  
CHAINS ACT AND TO AMEND THE CUSTOMS TARIFF

Ciot Inc.

2024 FINANCIAL REPORTING YEAR

## **1-INTRODUCTION**

This Report is published pursuant to the Canadian “Fighting Against Forced Labour and Child Labour in Supply Chains Act” and sets out the steps that Ciot Inc. (“Ciot”) has taken to fight forced and child labour in our business and supply chains. The Report refers to the 2024 fiscal year end and covers activities from February 1<sup>st</sup>, 2023 to January 31<sup>st</sup> 2024.

A deep commitment to legal compliance and ethical business practices is firmly embedded in Ciot’s 70 year history and company culture. We recognize our responsibility to respect and protect the human rights of all people who are part of or interact with our business. We are committed to acting ethically and with integrity and transparency as we continuously strive to put systems and processes in place to safeguard against any form of forced or child labour in our supply chain.

We expect our business partners and suppliers and their contractors to uphold these same principles within their operations.

## **2. RISK OF FORCED OR CHILD LABOUR AND STEPS TAKEN TO PREVENT AND REDUCE RISK OF FORCED /CHILD LABOUR**

Ciot Inc operates in Canada and the majority of its sales are derived from natural stone and porcelain tiles and slabs, plumbing products, wood flooring and setting materials and tools. From a geographical perspective the sourcing structure implies a reduced risk for the existence of child and forced labour due to the fact that the majority of Ciot’s products are sourced from Europe, Canada and the USA where child and forced labor are not as prevalent as other parts of the world. Additionally, over the past 70 years, Ciot has built long lasting, trusted relationships with its major suppliers giving Ciot associates and upper management a very good understanding of its suppliers’ operating sites, work force and structure on a regular basis. Moreover, risk is somewhat mitigated on the product side as extraction, production and manipulation of the products Ciot sources requires execution by a skilled labor force.

Notwithstanding this reduced risk environment, Ciot remains diligent its efforts to ensure the all Ciot suppliers and partners around the world are respectful and compliant with local and international laws from a business ethics, human rights and legal stand point. The predominate method Ciot currently employes to further reduce the risk of forced/child labour is consistent and regular onsite visits to existing and new prospective suppliers. This on the ground visibility allows Ciot associate to have first hand information into our supplier’s operations. Additionally, Ciot also engages independent 3<sup>rd</sup> part associates in certain regions such as China to help vet certain suppliers from a quality assurance perspective.

Nonetheless, we acknowledge that the supply chain of our suppliers may extend into regions potentially facing greater risk of forced labour and child labour. In these cases, we send a delegate to verify the

professionalism of the organization prior to any commitment to business, including looking at the well being of the employees, including safety and the presence of child labour.

### **3. STRUCTURE, ACTIVITIES AND SUPPLY CHAIN**

#### STRUCTURE:

Ciot Inc. is incorporated under the Canada Business Corporation Act. The head office is located at 9151 St. Laurent Blvd, Montreal, Quebec, HXB 2X8. Ciot also maintains an administrative presence in the province of Ontario. Ciot Inc is a 70-year-old privately owned business that sells home hardware products in multiple retail locations throughout the province of Quebec and Ontario and also operates in the wholesale distribution channel of home hardware products primarily in Canada and to a lesser extent in the USA. Ciot Inc. currently employ roughly 350 employees in Canada.

#### ACTIVITIES:

Ciot imports a range of products including natural stone and porcelain tiles and slabs, plumbing products, wood flooring, setting materials and equipment. Ciot Inc operates production plants in Montreal and Quebec City. Imported natural stone and porcelain material are cut and polished in these facilities to customer specifications for applications such as kitchen counter tops and back splashes, fireplace facades, table tops and bathroom wall finishing and flooring. Ciot's sales distribution network includes retail stores, wholesale distribution, and commercial sales pertaining to new project development across Canada and the USA with the majority of sales being generated in Quebec and Ontario. The majority of Ciot products are sourced from Europe, Canada and the USA. Ciot also sources some products from Turkey, Brazil, Singapore, China and India.

#### SUPPLY CHAIN

The majority of Ciot's business involves sourcing products such as natural stone and porcelain tiles and slabs, plumbing products, wood flooring and setting materials and equipment for suppliers based in Europe, Canada and the USA. Other areas Ciot sources from, to a lesser extent, include Turkey, Brazil, Singapore, China and India. Sourcing partners generally manage their own production and extraction operations with limited use of sub-contractors.

## **4. COMPANY POLICIES AND PROCESSES IN RELATION TO FORCED AND CHILD LABOUR.**

### ***a) Policies and processes***

Although Ciot Inc, does not currently maintain any formal written policies and procedures specifically relating to Forced and Child labour, Ciot's Governance Board Manual, clearly outlines that all Ciot board members and executives are expected to operate in a highly ethical and legal manner.

### ***b) Human Resources Policies and practices***

Ciot is committed to maintaining a safe workplace that fosters the personal and professional growth of all employees. We strive to ensure that every member of the staff is treated with fairness and dignity. Ciot always ensures that it meets or exceeds legal compliance in its hiring practices. Our organization is committed to attracting, selecting and retaining the best talent to support our corporate mission and achieve our strategic objectives. Our recruitment policy aims to ensure a fair and efficient hiring process, in line with our values. We also ask candidates to consent to a background check to validate their veracity. Ciot has also adopted a series of leading-edge human resources practices that support our values of valuing and respecting the rights of our workforce

### ***c) On-site supplier audits***

As part of the procurement process, Ciot representatives regularly travel to Supplier locations to meet with existing suppliers and new prospective suppliers. During these onsite visits Ciot representatives get to inspect the supplier premises, meet with supplier representatives' and supplier staff and employees. This provides Ciot representatives' on-site visual confirmation of supplier work force and working conditions. Additionally, in certain foreign territories Ciot engages with third party representatives' who apart for performing product quality control and sourcing tasks, also report back to Ciot headquarter regarding the state if Supplier facilities and any potential issues that are not conformant with laws and regulations specific to the territory the supplier is operating in.

## **5. REMEDIATION**

To date, there have been no identified or reported instances of child labour or forced labour and any related loss of income resulting from our measures taken to eliminate the use of forced labour in our supply chain. As a result, we did not have to put in place remediation actions.

## **6. TRAINING PROVIDED TO EMPLOYEES ON FORCED LABOUR AND CHILD LABOUR**

During the reporting period, we did not provide formal employee training with regards to forced labour and child labour issues. We recognize that potential risk of forced labour and child labour may reside in our supply chain and we are committed to ensuring that we engage with supplier that have high ethical standards and that do not engage in such practices. As a result, we will provide such training to employees on this key topic in the near future.

## **7. EFFECTIVENESS ASSESSMENTS TO ENSURE FORCED AND CHILD LABOUR**

Due to insufficient and/or our lack of formal practices and timeliness, we acknowledge that we have not been fully effective during the reference period in ensuring that forced labour and child labour are not being used in our supply chains as per the S-211 guidelines. We are however committed to formalize our practices and will implement initiatives in the near future.

Our goal as an organization is to reduce and prevent the risk of Forced Labour and Child Labour within our own locations and the supply chain as a whole. We are going to continually monitor and assess the effectiveness of our procedures to ensure we are improving our suppliers Human Rights programs.

## **8. APPROVAL AND 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 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.

Michael Panzera  
Vice President & CFO

*I have the authority to bind Ciot Inc.*

MAY 31<sup>st</sup> 2024