

E.G. Penner Building Centres Ltd.

**Forced Labour and Child Labour Report for
the Financial Year ended December 31, 2023**

Introduction

This Forced Labour and Child Labour Report (this “**Report**”) has been prepared by E.G. Penner Building Centres Ltd. (hereinafter referred to as “**EG Penner**”, “**we**”, “**us**” or “**our**”) in response to the requirements under Canada’s *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “**Act**”) for our financial year ended December 31, 2023.

This Report covers the business operations of EG Penner in Canada. EG Penner is not subject to reporting requirements under supply chain legislation in jurisdictions outside of Canada, and this Report is therefore structured to meet the requirements of the Act. Applicability of the Act to EG Penner is based on EG Penner having a business presence (i.e., place of business, business activities, and assets) in Canada as well as meeting the financial thresholds related to assets and revenue as set out by the Act.

EG Penner recognizes that the manufacturing and retail industry plays an important role in preventing and reducing the risk of forced labour and child labour in Canada’s supply chains. We acknowledge the potential risks of forced labour and child labour in the manufacturing and retail sector and are committed to continuous improvement in our due diligence, risk assessment, remediation, and training processes.

Respect for Human Rights

EG Penner fully supports the objectives of the Act and opposes the use of all forms of forced labour and child labour in our operations and our supply chain. Respect for human rights is fundamental to our values, the long-term stability and growth of our business and to the wellbeing of the communities in which we operate.

As set out in the United Nations Guiding Principles on Business and Human Rights (“**UNGPs**”), business enterprises have a responsibility to respect internationally recognized human rights. The responsibility to respect human rights requires that business enterprises: (a) avoid causing or contributing to adverse human rights impacts through their own activities, and address such impacts when they occur; and (b) seek to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts. In applying the lens of the UNGPs, we have assessed the potential for our operations to cause, contribute to, or be directly linked to adverse human rights impacts, including forced labour and child labour. For the reasons described in this statement, we are of the view that there is low risk that our internal operations have caused or contributed to adverse human rights impacts.

Organizational structure, activities, and supply chains

Organizational Structure

EG Penner is a corporation incorporated pursuant to *The Corporations Act* (Manitoba) and is Manitoba’s largest independently owned building supply company, founded in 1958. Our headquarters are located in Steinbach, Manitoba, southeast of Winnipeg. As at the end of our last financial year, EG Penner employed approximately 200 people across our offices.

Activities

Our business focuses on supplying a wide range of products and services for building design, construction and maintenance.

For a detailed description of EG Penner’s business activities, please refer to our website.

Supply Chain and Operations

Goods procured by EG Penner for re-sale

EG Penner procures a range of goods for re-sale, such as appliances, lighting, mechanical, plumbing and electrical products, flooring, cabinets, windows, lumber and other building materials, hardware, tools and hot tubs. For the financial year ended December 31, 2023, our supply chain for goods procured for re-sale by EG Penner consisted of approximately 700 vendors and service providers, all of which are based in Canada or the United States.

Goods and services procured by EG Penner to support our operations

EG Penner procures various services and goods (other than goods which are incorporated into products that are sold by EG Penner) to support our operations. In this regard, our supply chain profile for goods and services remains largely the same year-on-year. The types of goods (other than goods which are incorporated into products that are sold by EG Penner) and services procured by EG Penner from its suppliers to support our effective operations include: (a) office equipment and supplies, consumables, and marketing materials; (b) technology and IT; (c) transport and accommodation; (d) facilities management (including janitorial services and cleaning and sanitation) and (e) general parts and equipment. EG Penner also procures professional (legal and accounting) and insurance services to support our operations.

Our suppliers of those goods and services that support our operations are primarily domiciled in Canada, and we are of the view that our supply chains and activities for the types of goods and services procured by EG Penner (other than goods which are incorporated into products that are sold by EG Penner) carry a low risk of the use of forced labour and child labour.

Steps to prevent and reduce the risk of forced labour and child labour

Other than obtaining verbal confirmation from newly hired employees regarding their age and adhering to laws and regulations (including employment standards and human rights) applicable to our internal operations, EG Penner did not take any steps during its last 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 for products sold by EG Penner.

Policies and due diligence processes

EG Penner has internal guidelines and practices in place to promote and ensure our compliance with applicable laws (including in respect of employment and human rights) in Canada, where EG Penner has its operations. These internal guidelines and operating practices include our hours of operation, employee job descriptions and salary ranges, and safety policies and procedures for employee protection. These internal guidelines and policies do not currently specifically reference forced labour and child labour.

For our financial year ended December 31, 2023, EG Penner did not have any external policies or processes in place specific to reducing or preventing the risk of forced labour and child labour in our supply chain.

Risk assessment and management

As at the end of our last financial year, EG Penner had not commenced its assessment and identification of which parts of our operations or supply chain may carry a risk of forced labour or child labour.

Based on our assessment to date, we view our operational risk for our own employees of forced labour and child labour as low. Moreover, since the end of our last financial year, we have begun to take steps to assess and identify parts of our supply chain which may carry a risk of forced labour or child labour, however, we acknowledge we are still in the preliminary stages of doing so.

The information that we currently have on the operations of our suppliers is limited, however, we are aware that all of our direct suppliers are located in Canada or the United States. Based upon the data contained in Walk Free's Global Slavery Index 2023 (in particular, the estimated prevalence and number of people in modern slavery, by country), we believe the geographical location of our direct suppliers (namely, Canada and the United States) presents a low risk for the use of forced labour and child labour, relative to other countries and geographical regions.

Remediation measures and remediation of loss of income

To date, EG Penner is not aware of any forced labour or child labour practices occurring within our operations or our supply chains. Accordingly, EG Penner has not taken any measures to remediate any forced labour or child labour, nor has it taken any measures to remediate any loss of income to the most vulnerable families that resulted from any measure taken to eliminate the use of forced labour or child labour in our activities and our supply chains.

Employee training

For our financial year ended December 31, 2023, EG Penner did not provide any training to its employees on the risks of forced labour and child labour.

Assessing effectiveness

For our financial year ended December 31, 2023, EG Penner had not yet established ways to measure our effectiveness in ensuring that forced labour and child labour are not being used in our business and our supply chains.

Approval and attestation

This Report has been approved by the Board of Directors of E.G. Penner Building Centres Ltd. in accordance with subparagraph 11(4)(a) of the Act. 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.

Dated in the City of Steinbach, Manitoba, this 28 day of May, 2024.

Per: 
Name: Linda Penner
Title: Director

I have the authority to bind E.G. Penner Building Centres Ltd.