

Fighting Against Forced Labour and Child Labour in Supply Chains Act (Bill S-211) Report for the Financial Year ended January 31, 2024

This report is made pursuant to Bill S-211 and outlines our current situation regarding the Act and our commitment to ensuring our supply chain is free from forced labour and child labour.

Structure

Eddy Group Limited (EGL) was incorporated in 1909 with our Head Office located in Bathurst, New Brunswick. EGL has a simple corporate structure with just one subsidiary, Eddy Properties Limited, which acts a general partner for an affiliated real estate entity, Eddy Group Realty Limited Partnership.

EGL is a wholesale distributor of electrical, plumbing, HVAC and building supplies. We have 11 locations in New Brunswick, Nova Scotia and Prince Edward Island and had 186 permanent full-time employees at year end, with sales in excess of \$100 million dollars annually.

Supply Chain

EGL is engaged in the distribution and sale of goods in Canada, although we do not manufacture any goods. We operate within the following industries/sectors: wholesale and retail trade, transportation and warehousing, distribution, and e-commerce.

EGL uses over 500 vendors annually to service our needs, however many of those are used for smaller purchases or a one-time buy for a specific purpose. Approximately 90% of our inventory is sourced from just over 200 vendors: of those, approximately 95% ship directly from a Canadian warehouse and the remaining from a US warehouse.

Risks in Supply Chain

As stated by Public Safety Canada “Forced labour can be found in every country and every sector. The International Labour Organization estimates that there are approximately 27.6 million victims of forced labour worldwide, including 17.3 million in the private economy. Forced labour and child labour risks occur primarily through the global supply chains of businesses. There is a risk that goods imported into and distributed in Canada were produced with forced labour or child labour. Entities and government institutions doing business in Canada have a responsibility to ensure that exploitative practices are addressed and eradicated from their supply chains.”

EGL recognizes that forced labour and child labour can be found in every industry and is a growing threat to human welfare and labour rights. We will monitor the situation closely, engage in meaningful discussions with our suppliers and expect our suppliers to report any potential risks immediately. We commit to implementing policies and procedures to support this legislation in due course. We have a Human Rights Policy that is up to date and reviewed annually as well as a corporate Code of Conduct that will be updated to reflect this new legislation.

Mitigating and Remediating Risk of Forced Labour and Child Labour in Supply Chains

EGL is committed to providing equal treatment with respect to employment according to the protected grounds as established under the Human Rights Act of the provinces in which we operate. EGL has adopted a Human Rights policy to ensure that our employees are provided with meaningful employment that is ethical and fair, and follows all applicable employment, and human rights legislation.

In the spirit of continuous improvement, EGL will update its current policies to align with the requirements of the Act, and will also develop a supplier code of conduct which will require our suppliers and business partners to communicate, and enforce the code throughout their supply chain.

EGL holds itself accountable to the highest ethical standards and complies with and exceeds all relevant and applicable local and international laws pertaining to illegal labour practices. In doing so, EGL never knowingly contracts with or carries on a business relationship with any organization or employer that does not adhere to the same standards or is in violation of any relevant or applicable labour laws.

Our Policies Against Forced Labour and Child Labour

Currently, Eddy Group Limited does not have any policies specifically against these practices. However, we will begin to develop and employ policies on forced and child labour which will cover areas including:

1. Ensuring all workers meet the applicable legal minimum age requirements or are at least 16 years of age, whichever is greater.
2. Having an age verification procedure that includes maintaining copies of official government-authenticated documentation for every young worker and confirmation of the worker's date of birth.
3. Taking all necessary precautions to ensure that young workers, under the age of 18, are protected from working conditions that could pose a danger to their health, safety, or development (this includes restrictions on night work, any job function considered hazardous, etc.).
4. Obtaining necessary legal approvals (permits/medical check-up records, etc.) for all young workers.
5. Complying with all education-related government programs.

Policies on forced labour will cover areas including:

1. No use of involuntary labour of any kind.
2. Ensuring all overtime is voluntary.
3. Not employing tactics to prevent workers from leaving at will, such as withholding salary as a "year-end bonus" or charging a penalty when workers terminate their contract.
4. Ensuring that beyond reasonable restrictions, workers can move freely within our locations and take designated breaks.



5. Ensuring that workers are allowed to leave freely at the end of the shift or during the shift under extenuating circumstances like illness or family emergencies.

Our policies on child and forced labour will be included with our supplier code of conduct with the expectations that suppliers will also abide by the same standards.

Training

Currently, EGL does not provide formal training to employees on forced labour and child labour, and we have not yet assessed our effectiveness in preventing and reducing risks of forced labour and child labour in our supply chain activities. But, we commit to addressing both of these areas during the current fiscal year.

Closing

EGL recognizes the importance of distributing our products in a legal, ethical, and responsible manner consistent with the highest standards. We expect the same from our suppliers, and we focus on building long-term partnerships with reputable and strategic suppliers who demonstrate a commitment to engaging their workers and providing safe working conditions. This includes working to combat the risks of forced and child labour. We are growing our business responsibly through relationships with suppliers who seek to uphold our standards of sustainability and human rights, product excellence, and compliance with applicable legislation.

Attestation

The Report was approved pursuant to the Act by the Board of Directors of Eddy Group Limited.

In my capacity as Chairman of the Board of Eddy Group Limited, and not in my personal capacity, I make this attestation in accordance with the requirements of the Act.

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,

Full name: Steven G. Eddy, CPA

Title: Chairman of the Board of Directors

Date: May 31, 2024

Signature:

A handwritten signature in black ink, appearing to be 'S. Eddy', written over a horizontal line.

I have the authority to bind Eddy Group Limited.