



Foundation Building Materials

## **FIGHTING AGAINST FORCED LABOUR AND CHILD LABOUR 2023 (JOINT) REPORT**

### **I. INTRODUCTION**

This joint report (“Report”) is prepared on behalf of Foundation Building Materials, LLC<sup>1</sup> and FBM Canada GSD, Inc.<sup>2</sup> (“FBM” or “Company”) for the year ending December 31, 2023, pursuant to Canada’s *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (“Act”). This Report is the first report prepared by FBM pursuant to the Act. This Report shall be updated and published at least annually.

FBM’s mission is to be the most trusted supplier partner to the construction trades in North America; delivering on safety, service, innovation, and value for our customers while creating opportunity and growth for the FBM Family.

FBM is founded and operated on a well-defined set of core values. These foundation values are central in creating an industry leading experience for our customers, employees, vendors and shareholders alike. From safety first and customer focus to valuing our employees, operating with integrity and pursuing excellence, at FBM the goal is to demonstrate our values in the way we conduct business each and every day.

### **Forced Labour and Child Labour Definitions**

Under the Act, “forced labour” and “child labour” are defined as follows:

Forced Labour means labour or service provided or offered to be provided by a person under circumstances that: (a) could reasonably be expected to cause the person to believe their safety or the safety of a person known to them would be threatened if they failed to provide or offer to provide the labour or service; or (b) constitute forced labour as defined in article 2 of the Forced Labour Convention, 1930, adopted in Geneva on June 28, 1930.

Child Labour means labour or services provided or offered to be provided by persons under the age of 18 years and that: (a) are provided or offered to be provided in Canada under circumstances that are contrary to the laws applicable in Canada; (b) are provided or offered to be provided under circumstances that are mentally, physically, socially or morally dangerous to them; (c) interfere with their schooling by depriving them of the opportunity to attend school, obliging them to leave school prematurely or requiring them to attempt to combine school attendance with excessively long and heavy work; or (d) constitute the worst forms of child labour as defined in article 3 of the Worst Forms of Child Labour Convention, 1999, adopted at Geneva on June 17, 1999.

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<sup>1</sup> Foundation Building Materials, LLC is an LLC organized in California (USA) with headquarters in Santa Ana, California.

<sup>2</sup> FBM Canada GSD, Inc. is a company incorporated under the laws of Alberta (Canada). FBM Canada GSD, Inc. is a subsidiary of Foundation Building Materials, LLC.



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## II. STRUCTURE, ACTIVITIES AND SUPPLY CHAIN

FBM is an industry leading building materials and construction products distribution company. FBM has over 300+ locations and more than 5,000 employees across the United States and Canada. FBM strategically selects each manufacturer partner based on their commitment to supplying industry leading, quality products while supporting the building materials industry with leadership, world class service and innovation.

Building supply products that FBM provides include: drywall, steel, acoustical ceilings, insulation, stucco, exterior insulation finishing systems (“EIFS”) products, fasteners and fastening systems, fiberglass reinforced panels (“FRP”), drywall tools, power tools (e.g., a reciprocating saw, a drywall screw gun, a drywall mud mixing drill, a drywall cut out tool, a jigsaw, a chop saw, jobsite vacuums), and doors, framers, and hardware.

Intended as reference, here is an FBM products overview – <https://www.fbmsales.com/products/>.

FBM works with many suppliers to provide goods and services to support the delivery of our Company objectives. FBM considers its suppliers to be important and valued business partners. The suppliers FBM engages with range from local to global. One of FBM's primary goals is to provide outstanding value to our customers. This means working with only the best manufacturers to provide the highest quality products. Accordingly, FBM actively develops and evaluates our vendor partner business relationships on an ongoing basis. From drywall, steel and ceilings to tools, fasteners and stucco, FBM makes it a priority to work with industry leaders we know and trust.

The following is an overview of FBM's partner vendor manufacturers - <https://www.fbmsales.com/vendors/>. FBM recognizes that the greatest risk exposure to forced labour and child labour is through our suppliers, especially if any are in higher-risk geographies and/or sectors and given the limited visibility into our suppliers' upstream supply chains. The majority of suppliers for FBM are not in high-risk areas or sectors. As such, FBM's exposure to possible forced labour and child labour risks is considered low.

Throughout this process development and implementation pursuant to the Act, FBM seeks to gain visibility into our suppliers' supply chain. Accordingly, the following are considerations that FBM is looking to develop and implement: conducting internal and third-party audits, continuing supplier selection based on ethical standards, keeping an open dialogue with our suppliers, and possible site visits.

FBM purchases substantially all materials from sources located in North America. As presented in this Report, FBM suppliers are expected to remain in material compliance with all applicable laws, including but not limited to the Act.



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### III. POLICIES AND DUE DILIGENCE PROCESSES

FBM is and remains committed to taking into consideration and addressing human rights due diligence, environmental, social, and governance (“ESG”) impact of business activities into its policies, procedures and decision making. With the foregoing in mind, FBM implements a centralized enterprise risk and safety management system. The intention is to allow for a system design to identify and assess risks in a prompt and judicious manner. Here is a link to FBM's Safety page - <https://www.fbmsales.com/safety/> to demonstrate part of our FBM Safety value system.

For the purposes of this Report, the appropriate FBM Legal, Risk, Safety, Human Resources, and Operations teams reviewed the Act to help identify the potential impact and assess the effectiveness of the steps taken and to be taken to address the risks of forced labour and child labour.

FBM imparts its expectations regarding employee conduct as published in the employee handbook. Generally, the employee handbook(s) are reviewed and updated on a rolling or annual basis, depending on need. FBM provides a framework for asking questions and highlights resources in place to report any concerns. These policies and procedures allow for anonymous and confidential reporting if wanted. FBM encourages the reporting of actual or potential non-compliances with our policies or with legal requirements. Accordingly, FBM offers several methods and mediums for reporting violations.

The expectations of FBM apply to all employees of the Company. Matters like conflicts of interest, confidentiality, compliance with applicable laws, and reporting of issues with compliance or related are contained in the employee handbook. Further, the FBM employee handbook details the commitment to providing a discrimination and harassment free work environment. FBM prohibits retaliation against anyone who reports any issue or concern.

FBM's suppliers are expected to uphold similar standards of compliance including, but not limited to, all applicable laws, rules and regulations, wage and hour laws, unlawful labour practices (e.g., forced labour and child labour), and engaging in its products process in a safe manner. While FBM does not require written confirmation on the matter from all of its suppliers, we are looking to expand requirements to suppliers to gain better visibility into the suppliers' supply chains. As presented in this Report, that may include written confirmation amongst other considerations.

### IV. STEPS TO PREVENT AND REDUCE RISK

Although FBM's exposure to possible forced labour and child labour risks is considered low, the nature of our business requires procuring many supplies and materials from different suppliers. As presented throughout this Report, FBM is committed to the safety and health of its employees. Accordingly, FBM strives to always conduct its operations with that in mind,



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including but not limited to compliance with applicable laws and regulations. Risks in the FBM supply chain arise from limited visibility into our suppliers' supply chains.

Starting in 2023 and to continue in following reporting years, FBM conducted a review and an internal audit of its suppliers. Particular focus on, but not be limited to, our major suppliers and if they are in high-risk countries, high-risk goods, the supplier's category and type of products/services, and score on the corruption perception index based on publicly available resources. A non-exhaustive list of the publicly available resources FBM utilizes to help in identifying potential risks are as follows (in no particular order): the Global Slavery Index at walkfree.org, the List of Goods Produced by Child Labor or Forced Labor, U.S. Department of Labor, Bureau of International, the International Labour Organization, the Organisation for Economic Co-operation and Development, World Vision, and the United Nations Children's Fund.

In addition to continuing to build out a supply chain mapping, FBM is considering the following requirements or actions to allow greater visibility into the supplier supply chain: further enhanced contractual terms and/or terms and conditions, supplier certifications and/or questionnaires, site visits, third party inspections, or termination of the relationship. FBM plans to engage with suppliers on issues of addressing forced labour and child labour. The intention behind the supplier contracts will be to help demonstrate the suppliers' commitment to compliance. Part of the steps taken by FBM to accomplish greater visibility to the appropriate supply chains will include a review and analysis of current policies, procedures, and contractual clauses related to issues of identifying and addressing forced labour and child labour.

FBM has internal structures in place to help identify information on employee recruitment and maintaining internal controls to ensure that employees are recruited voluntarily.

While the information in this Report represents the current known risks and actions undertaken by FBM, more work is underway to monitor supplier activities as well as higher-risk categories and countries that may change in the future as we learn more. If any issues are found, they are escalated to appropriate senior management for review and action. In 2023, there were no issues found concerning forced labour or child labour issues. FBM will continue to monitor, review, and build out its internal and external mechanisms to help address issues of forced labour and child labour.

## V. TRAINING

FBM has mandatory and optional trainings that it provides for all levels of employee. The trainings are both online and in-person. These trainings include but are not limited to matters that address human rights and a commitment to the highest level of standards by FBM.

FBM is in the process of exploring more specialized, in-person training sessions to continue to foster a culture that helps increase awareness and address potential issues of forced labour



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and child labour across all facets of our operations and supply chain. We anticipate providing training on the issues of forced labour and child labour in 2024.

## VI. ASSESSING EFFECTIVENESS

Identifying and working toward assessing effectiveness of the policies and procedures implemented will require continued internal commitment and communication as well as relationships with third parties. As FBM continues to build out internal and external mechanisms for itself and third parties, it will conduct a review and/or audit of the policies and procedures related to forced labour and child labour. Doing so will help track relevant performance indicators, such as employee awareness, number of cases reported, grievance mechanisms triggered, and number of contracts with relevant forced labour and child labour clauses.

As discussed in this Report, we use our strong value-oriented foundation to help guide us towards preventing and reducing forced labour and child labour risk in our supply chains. We will work towards taking additional active steps to help assess the effectiveness of the internal and external mechanisms we introduce.

## VII. REMEDATION

As of December 31, 2023, FBM has not faced situations of forced labour or child labour. Therefore, FBM has not had to remedy and/or rectify as such. If any such situation is identified, FBM will work to develop and implement a corrective plan to improve and/or remedy in a prompt manner.

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In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in this Report for the entity listed above. 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 listed above.

I have authority to bind FBM.

Ryan Ward

Vice President, Human Resources

Foundation Building Materials, LLC