



Integrity Group of Companies

Forced Labour and Child Labour Supply Chain Assessment



Introduction

The Integrity Group of Companies Corp. (“Integrity”) is committed to the protection of human rights in all our business practices and operations. This includes the prevention of modern slavery, forced labour and child labour in both our internal business practices and supply chain operations. Integrity abides by Canadian regulations established under the governing occupational health and safety legislation and employment standards regarding the minimum age of work. We have incorporated practices to fight against forced labour and child labour through the adoption of principles identified in the *Worst Forms of Child Labour Convention 1999* and *Forced Labour Convention 1930*. Integrity’s stance on modern slavery is outlined in the ***Integrity Group of Companies Employee Handbook***.

With 4 locations across Western Canada, our focus and commitment are on the continued success of our operating entities. Integrity employed 196 people in 2023. Since its formation in 2008, Integrity continues to develop a community of like-minded people, who share a commitment to corporate social responsibility. Honesty and integrity are the cornerstone of Integrity’s relationship with its customers. Integrity’s culture is built to ensure every customer receives quality product and our commitment to service excellence.

Structure, Activities & Supply Chain

Integrity operates as a private limited company (business number: # 2015322387) at Unit 100, 48223 338 Ave E, Foothills, AB T1S 4T2. Our organization’s financial reporting year covered in this report is September 1st, 2022 to August 31st, 2023. Integrity satisfies the definition of an Entity within the Act by having a place of business in Canada, conducting business in Canada, having assets in Canada, and meeting both asset and revenue thresholds.

Structure

Integrity Group of Companies is a conglomerate of corporations operating out of the province of Alberta for the purpose of distributing, manufacturing, and construction of wood frame structures in the residential, commercial, and agricultural sectors. Integrity procures materials direct from suppliers within Canada and the United States, as well as through the Retail lumber buying group Castle building Centers (“Castle”). Integrity engages in business to business sales as well as business to consumer sales.

Integrity Post Structures Ltd. is the post-frame construction arm of the organization which design and constructs agricultural, commercial, and lifestyle buildings across Western Canada. Integrity Post Structures utilizes both employee-based as well as subcontractor construction crews in the assembly of their buildings.

Integrity Building Products Inc. is a lumber and building material retailer primarily supplying the Alberta marketplace. Integrity Building Products specializes in the wood framing structure of construction materials and



associated products.

Integrity Building Components Ltd. is the manufacturing arm of Integrity Building Products offering, specializing in the assembly of prefabricated wall panels and processing of Engineered Wood Product floor systems.

This report is filed jointly on behalf of Integrity Group of Companies, Integrity Post Structures, Integrity Building Products and Integrity Building Components, since all organizations have similar operations and share policies. References to and assessments of Integrity in this report also apply to its wholly owned subsidiary.

There are no other reporting requirements in other jurisdictions.

Activities

Integrity operates within the lumber, building materials and hardware industry, purchasing good associated with the building and construction sector within Canada. We are responsible for the procurement, payment, manufacturing and aspects of distribution of goods for our customers.

There are 15 categories of goods in Integrity’s portfolio. Product categories include:

Concrete	Roofing	Lumber, Plywood and OSB
Doors	Siding	Prefabricated Wall Panels
Drywall	Tools	Metal Products
Farm	Windows	Mouldings
Flooring	Insulation	Hardware

Supply Chain

Integrity directly procures goods from companies operating out of Canada and the United States. It is possible that some of the vendors have parent companies residing outside of Canada and the United States. We have analyzed the office addresses of all our vendors and found that the majority are Canadian. Integrity currently has limited visibility on the full geographical reach of its suppliers’ locations and limited knowledge of the origination of where suppliers source their goods.

Of Integrity’s many suppliers, all of them are operating from Canada and the United States. In fiscal year 2023, Integrity procured goods directly from entities exclusively in Canada or the United States. Integrity has not yet performed an analysis of indirect suppliers, for the purposes of reporting under the Act.



Policies & Due Diligence

Integrity has the following internal policies in place relevant to this Act:

Policy	Description	Support in Mitigating Forced and Child Labour
Modern Slavery	Serves as a guiding framework in Integrity's efforts to identify and prevent instances of forced labour and child labour.	Supports Integrity in identifying and addressing forced labour and child labour in our operations and supply chains. It outlines Integrity's commitment to combat modern slavery and human trafficking in all aspects of the organization. By implementing robust policies and procedures, companies can mitigate the effects of forced labour and contribute to the global effort to eradicate modern slavery.
Equal Pay for Equal Work	Establishes principles and guidelines to ensure fairness and equality/equity in compensation practices. It aims to eliminate gender, racial, or other forms of discrimination in pay by ensuring that Integrity's employees receive equitable compensation for work of equal value.	Inequalities continue to make discriminated groups more vulnerable to exploitative work. Ensuring all groups have equal rights in work opportunities, hiring processes, and pay is the first step in addressing system workplace discrimination. Equal pay is part of broader efforts to address systemic inequalities and injustices. By addressing causes of inequality, including unequal pay, Integrity plays a role in creating environments where forced labour and child labour conditions are less prevalent.
Workplace Harassment and Violence	Outlines Integrity's stance against harassment and violence and establishes procedures and guidelines for reporting incidents of violence, intimidation, harassment, sexual harassment and bullying on company premises, at company events or while conducting company business.	A clear harassment policy establishes a safe and respectful work environment. The policy outlines the method for reporting any issues employees encounter, including instances of violence that could be attributed to conditions that create forced or unsafe labour in Integrity's internal operations.
Open-Door Policy	Fosters a culture of transparency and trust at Integrity, where employees feel empowered to voice their concerns, ideas, and feedback directly to their	An open-door policy creates a culture where employees feel capable of reporting instances such as forced labour or child labour or any other form of suspected exploitation. Employees may be more likely to come forward with concerns knowing they are encouraged to discuss them



Policy	Description	Support in Mitigating Forced and Child Labour
	colleagues, supervisors, or company management.	openly with management at any time.
Code of Business Conduct	Principles that define desired behaviour and ethical standards for Integrity’s employees and staff. The code promotes integrity, professionalism, and ethical decision-making, and good judgement.	A code of conduct sets cultural standards and a dedication to be accountable for doing what is right. Employees are required to speak up if they identify any injustices in Integrity’s operations or code of ethics. It is part of our duty to Members and stakeholders.

Due Diligence with the Suppliers

Integrity’s suppliers are typically bound by contracts. Within the terms of the agreement, our organization maintains the right to terminate an agreement immediately should we have grounds to believe a vendor engaged in acts of moral turpitude. In instances of non-contractual business, Integrity reserves the right to terminate business at any time.

On an annual basis, Integrity performs reviews and hosts discussions with key suppliers, focusing on aspects related to overall performance in conjunction with our purchasing group Castle. This provides Integrity the opportunity to discuss issues related to this Act with suppliers. Over one hundred of Castle’s largest vendors are brought in annually for in-person reviews, discussion on overall performance, and evaluation of the relationship. The review may address any other concerns brought from key members or stakeholders. Though these reviews have not historically assessed supplier compliance in relation to the Act, doing so in the future will allow us to identify emerging supply chain risks and raise awareness of forced labour and child labour with our vendors. Outside of our Castle based vendor relationships, Integrity conducts regular in person and digital meetings with our vendors which provides the opportunity to discuss supplier compliance with the act.

Integrity incorporates occasional on-site visits of supplier operations in the annual review processes of vendor performance. These visits aim to strengthen supplier relationships, increase visibility into vendor operations and establish open lines of communication.

Risk Assessment

As a company operating as a distributor, our industry is deemed as having low inherent risk of forced labour or child labour by Walk Free’s Global Slavery index.



A risk assessment of the goods procured by Integrity and countries from which the goods are procured from has been performed in relation to the Act. This risk assessment used two separate indices to conclude on inherent risk of forced labour and child labour related to goods and countries — Walk Free’s Global Slavery Index and the US Department of Labor’s List of Goods Produced by Child Labour or Forced Labour.

While we know that some of our vendors purchase goods from foreign countries, we do not know the full extent to where our vendors purchase their goods from. We are also aware that we purchase highly finished good built with multiple materials and that each material may contain a different risk profile for supply chain risks.

Goods Procured

Integrity offers 15 categories of products which have been procured from various vendors. For the purposes of assessing risk associated with goods in our buying group Castle’s supply chain, we evaluated product categories making up at least 1 percent of total procurement spend for fiscal year 2023. Any product categories below 1 percent of total procurement are deemed immaterial for this assessment and excluded from the analysis.

As a result of determining the scope of the assessment, the categories of goods evaluated for forced labour and child labour risks are Lumber, Drywall, Hardware, Insulation, Roofing, Siding, Metal Products, Tools, Flooring, and Concrete.

A risk assessment has been conducted of Integrity’s material product categories and identified inherent risks of forced and/or child labour within certain goods or materials from which products are made. They include:

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| • Timber | • Copper | • Ceramics |
| • Gypsum (mineral) | • Zinc | • Silver |
| • Iron | • Sand | • Brassware |
| • Cement | • Stones | • Cobalt (in batteries) |
| • Glass | • Gravel (crushed stones) | |
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Integrity does not procure all the listed goods directly. For example, when procuring cordless power tools, the batteries may contain cobalt. Therefore, Integrity has identified risks associated with certain materials that are used in the production of finished goods that our company purchases and redistributes.

Integrity procures most of its timber products from vendors in North America, mitigating the associated risk of forced labour and child labour. Additionally, due to the material’s inability to travel well over long distances, gravel, stone and sand products procured for roofing are manufactured in North America. This mitigates some of the far-reaching supply chain risk associated with these materials.

Other high-volume goods procured by Integrity include laminate, vinyl, cellulose, fiberglass, aluminum, plastic polymers, nickel. These remaining goods were not directly identified within the two noted indices; therefore, they carry low inherent risk of forced labour and child labour.



Countries of Procured Goods

For assessing country associated risks of forced labour or child labour, our buying group Castle evaluated all vendors they purchased good from in fiscal year 2023. Their analysis found that all our vendors are from Canada and the United States. According to both global benchmarks, there is low inherent risk exposure or force labour and child labour identified since Integrity's vendors are from Canada and United States. This does not mean that forced labour or child labour does not exist in the supply chains of our vendors.

Integrity is aware that some of its vendors have headquarters in foreign countries and that these vendors may procure their goods from other regions or other vendors, but at this time, Integrity does not know the full extent of where all vendors' goods are sourced from.

Mitigating Activities

To mitigate the risk of forced labour and child labour within supply chains, Integrity incorporates the following mechanisms for supplier onboarding and supplier monitoring:

1. Supplier onboarding
 - a. Vendor Buying Agreement: All suppliers through our buying group are required to sign **Castle's Vendor Buying Agreement**. These contracts contain a clause allowing Castle to terminate vendor relationships if there are reasonable grounds to believe that the vendor has engaged in unethical acts or displayed immoral behaviour. There is an opportunity for Castle to add that vendors must comply with their domestic laws or Castle can reserve the right to terminate the vendor's agreement.
2. Supplier monitoring
 - a. Annual Reviews: Our top suppliers have annual reviews assessing overall performance. Though this review does not incorporate aspects related to this Act, Integrity is considering implementing a component of the review which evaluates a vendor's commitment to addressing forced labour or child labour risk in their respective operations and supply chains.
 - b. Onsite Visits: Integrity is looking to introduce more consistency of onsite visits to key suppliers. Currently annual meetings are conducted to maintain relationships and address any vendor concerns. These onsite visits intend to give Integrity visibility into supplier operations and verify whether suppliers are adhering to labour laws and regulations, specifically in relation to forced labour and child labour.
 - c. Develop policies to mitigate risk of forced labour and child labour: Despite having no reported instances of forced labour or child labour identified within Integrity's operating activities, Integrity is committed to continue developing internal capabilities and controls that reduce the risk of forced labour or child labour within our supply chain.



Remediation Forced and Child Labour & Vulnerable Family Income Loss

Integrity is in the process of discovering the full depth of our supply chain and is continuing to review procurement practices to enhance the rigor of our due diligence processes, including raising awareness with suppliers. To date, Integrity has not identified or detected, nor has Integrity had any reason to suspect instances of forced labour or child labour within our operations or those of suppliers. Consequently, no remediation measures were required in fiscal 2023, either in respect of any forced labour or child labour, as well as addressing any resulting in the loss of income to vulnerable families.

Awareness Training

Integrity does not have specific training in place relevant to forced labour or child labour. However, Integrity requires new employees to review Integrity's Employee Handbook. All Integrity employees are required to acknowledge their obligation to read and understand the contents of the employee handbook.

When onboarding new employees, part of this process includes reviewing the handbook to ensure the individual understands the company's standards, expectations, and code of ethics. Sections of the handbook address workplace harassment and violence, employee code of conduct and an open-door policy.

Integrity recognizes the opportunity to enhance employee training relevant to this Act, by incorporating training on forced labour and child labour. Integrity will evaluate applicable trainings for staff in the foreseeable future.

Assessing Effectiveness

To track Integrity's effectiveness of procedures to mitigate the risk of forced labour and child labour, the following mechanisms are in place:

Integrity Activities:

1. Total harassment incidents: Integrity has a zero-tolerance for workplace violence and harassment. All claims made regarding harassment will be reported to and reviewed by the Health and Safety Committee. A workplace harassment prevention program will be developed to resolve the issue in a timely manner.
2. Conduct and behaviour incidents: Full compliance with Integrity's Code of Business Conduct is expected of all employees. All claims made regarding inappropriate conduct and behaviour will be subject to investigation.



3. Employee training: Integrity has identified the opportunity to implement employee training on the topic of forced labour and child labour. Content may include how to identify, assess, and evaluate/report perceived or actual instances.
4. Governance: Integrity intends to continue monitoring and assessing compliance with company policies and will review the policies on an as-needed basis.

Supplier Activities:

1. Supplier contracts: Integrity has identified the opportunity to implement a clause within our Vendor Buying Agreement regarding zero-tolerance for forced labour and child labour within vendor operations. The clause aims to identify the outcome or disciplinary actions should any instances of forced labour or child labour be reported or discovered by Integrity.
2. Supplier visits: When performing periodic onsite supplier visits, Integrity has identified the opportunity to observe supplier operations whenever possible.
3. Supplier performance: Key suppliers of Integrity are reviewed on an annual basis to ensure compliance with contract terms and conditions. These reviews will evaluate compliance with contractual clauses in the Castle Vendor Buying Agreement related to forced labour and child labour.

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

Integrity has taken the following steps to prevent and reduce the risk of forced labour or child labour:

1. Conducting an internal risk assessment of forced labour and/or child labour in the organization's activities and supply chains. Integrity has identified goods and countries within the supply chain that have inherent risks of forced labour and/or child labour in this report.
2. Implementing reporting policies and procedures that create a culture where employees feel safe and capable of reporting instances of forced labour and/or child labour or any other form of suspected exploitation.
3. Addressing practices in our organization's activities and supply chains that increase the risk of forced labour and child labour: Remediation efforts related to due diligence processes have been identified to reduce the risk of forced labour and/or child labour within the supply chain.
4. Developing due diligence policies and processes for identifying, addressing, and prohibiting the use of forced labour and/or child labour in the organization's activities and supply chains.
5. Implementing anti-forced labour and/or anti-child labour contractual clauses: Integrity has identified the opportunity to integrate contractual clauses within supplier agreements related to forced labour and child labour.
6. Monitoring suppliers: Integrity uses periodic onsite visits for key suppliers to monitor supplier relationships. This has been identified as opportunity to verify whether suppliers are adhering to labour



- laws and regulations, specifically in relation to forced labour and child labour.
7. Enacting measures to provide for, or cooperate in, remediation of forced labour and child labour: Mitigating activities have been identified to reduce the risk of forced labour and child labour within supply chains. See risk assessment section for further explanation.
 8. Developing and implementing training and awareness materials on forced labour and child labour: Integrity has identified the opportunity to develop employee training relevant to forced labour and child labour.

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.

Shanna Groeneveld

Full Name

Signature

Chief Strategy Officer

May 27, 2024

Title

Date

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