

Lynx Equity Limited Modern Slavery Report

1. Introduction

This report (the “**Report**”) is produced by Lynx Equity Limited (“**Lynx**”, “**our**”, or “**we**”) for our fiscal year which ended on July 31, 2023 (the “**Reporting Period**”).

The Report is the first report produced by Lynx pursuant to Canada’s *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “**Act**”). The term “modern slavery” when used in this Report, refers to employment practices of any supplier that involves child or forced labour and any other labour practice that is prohibited or sanctioned by either the Act or any other legislation to which Lynx or any Subsidiary is subject to, relating to prohibited or restricted labour practices.

2. Our Structure, Operations, and Supply Chain

a. Structure and Operations

Lynx, as a registered corporation, is a private equity firm headquartered in Toronto that specializes in the purchase and operation of small and mid-sized old economy businesses. At the end of the Reporting Period, Lynx directly employed 37 people.

At the end of the Reporting Period, Lynx owned a diverse portfolio of 55 companies (“**Subsidiary**” or “**Subsidiaries**”) located in the following countries:

- Canada
- Denmark
- Netherlands
- United States of America (the “**USA**”)
- United Kingdom (the “**UK**”)

At the end of the Reporting Period, the Subsidiaries employed 2,383 people in all of the countries listed above. The Subsidiaries engage in the following business sectors (“**Sectors**”):

- Construction
- Flooring
- Horticulture
- Manufacturing
- Retail
- Services
- Signage
- Trucking
- Wholesale

No Subsidiary meets the definition of an “entity” under the Act.

b. Supply Chain

Our global supply chain consists of product and raw material suppliers that are required to produce or sell product in Lynx’s Sectors.

The majority of our supply chain is located in Canada and the USA, or local to the regions in which the Subsidiaries are located. Lynx’s Subsidiaries source a small percentage of their inventory from the following countries:

- Austria
- Belgium
- China
- Croatia
- Czech Republic
- Denmark
- Estonia
- France
- Germany

- Hungary
- Ireland
- Italy
- Latvia
- Lithuania
- Luxembourg
- Malaysia
- Mexico
- Norway
- Pakistan
- Philippines
- Poland
- Portugal
- Slovenia
- South Korea
- Spain
- Sweden
- The Netherlands

3. Policies and Due Diligence Processes

a. Policies

Across Lynx and its Subsidiaries there are strong policies in place to prevent a range of unethical business practices from taking place. The purpose of these policies is to ensure that Lynx and our Subsidiaries refrain from dealing with suppliers that have unacceptable labour practices. Below is a summary of our key policies

Code of Ethics and Business Conduct

Our Code of Ethics and Business Conduct (the “**Code**”) expresses our commitment to work both legally and ethically. The Code outlines Lynx’s (and our Subsidiaries) mandate to maintain a corporate culture that includes compliance with internal policies as well as federal, provincial and local laws and regulations. Above all else, the Code outlines the importance of integrity and good judgment in all of our employees.

Conflict of Interest

Our Conflict of Interest Policy (the “**Policy**”) reaffirms Lynx’s commitment to the highest standards of professional and personal conduct. The Policy puts a focus on our suppliers and distributors by:

- barring our employees from having either direct or indirect ownership or interest in any supplier of goods or services to Lynx as well as any distributor or seller of our products; and
- prohibiting our employees from receiving any commission, form of compensation or loan from any of our suppliers or distributors.

Lastly, the Policy strictly prohibits the use of any Lynx funds or assets for any unlawful purpose. It is explicitly stated that no payment made on behalf of Lynx shall be made with the intention or understanding that any part of the payment is to be diverted from the purpose stated in the documents supporting or accompanying the payment.

Policy on Slavery and Human Trafficking

Lynx requires that its non-Canadian Subsidiaries comply with their local legislation that addresses child labour, forced labour or other prohibited labour practices. For example, our Subsidiary, Day 2 Interiors Limited (“**Day2**”), has a policy in place on slavery and human trafficking in compliance with the UK’s Modern Slavery Act 2015 (the “**UK Act**”).

Day2’s policy reflects their commitment to implement and enforce effective systems to ensure none of their suppliers engage in conduct that is prohibited by the UK Act.

b. Due Diligence

As part of Lynx’s commitment to improvement, we continue to strengthen our processes to reduce any and all risks related to modern slavery. In line with our supplier terms and conditions, our

Subsidiaries use a risk assessment procedure before engaging with new suppliers and conduct reviews based on their operational risk framework.

4. Assessing and Managing Our Risk

a. Assessing Risk

In order to properly assess the risk of modern slavery, Lynx requires each of our Subsidiaries to conduct due diligence on their supplier's labour practices.

As such, communications with management of our Subsidiaries includes a review of policies and procedures designed to avoid dealing with suppliers that may pose a higher risk due to the nature of their business and their geographic location.

Specifically, we use a risk-based approach to assess and manage the risk each Subsidiary has in its supply chain, based on factors such as:

- What type of products/services are offered by the Subsidiary?
- Does a Subsidiary import goods produced outside of their country of operation?
- Is any supplier of a Subsidiary headquartered in a country that is considered to use child or forced labour?
- What type of materials are provided to a Subsidiary by any given supplier?

Based on the perceived risks, each Subsidiary may implement the processes which are outlined in the next section.

b. Managing Risk

After we assess potential risks in our Subsidiaries' supply chains, we seek to mitigate them by:

- creating and putting in place contractual clauses intended to prevent activities related to modern slavery;
- ensuring that all of our Subsidiaries' suppliers have both policies and procedures in place for identifying and stopping modern slavery;
- having our Subsidiaries audit their suppliers to ensure that the policies and procedures they have in place are effective;
- mapping both supply chains and supplier activities; and
- utilizing third party firms to perform social audits that include auditing for the presence of child and forced labour.

5. Remediation Measures including Remediation of Loss of Income

Lynx and our Subsidiaries have not encountered any potential or actual instances of modern slavery, in the Reporting Period or any prior fiscal year. As a result, remediation measures relating to modern slavery have not been necessary.

Our Code places a strong emphasis on prohibiting any form of retaliation for any employee (or contractor), who, in good faith, seeks help or reports known or suspected violations of this Code or the law. Thus, we are confident that if there were any reasons to suspect that modern slavery was occurring in Lynx or our Subsidiaries' business practices and supply chains it would be reported. If an instance of modern slavery was suspected and identified, Lynx would implement the proper remediation measures.

6. Training

Lynx and our Subsidiaries provide onboarding training for all new employees. As part of this training, employees are required to review the company handbook which includes the policies described in this Report. Employees have an opportunity to ask questions and they are given one-on-one guidance when required.

It is essential at Lynx and our Subsidiaries that employees understand and abide by our policies that ensure all federal, provincial and local laws and regulations are followed. Employees are required to reread the employee policy manual periodically to ensure that the policies and expectations are clear and front of mind.

7. Assessing Effectiveness

Lynx and our Subsidiaries are dedicated to continuously improving our approach to ethical business practices and human rights as well as continuing to assess the effectiveness of our current practices.

Lynx and our Subsidiaries do this by:

- creating and maintaining open lines of communication between employees and management to address issues and concerns;
- annually reviewing our policies and improving them when and where necessary; and
- constantly reviewing and fine-tuning our due diligence process.

There has not been an incident of modern slavery to date, and if there were to be in the future, Lynx and our Subsidiaries would be committed to both providing remediation measures as well as improving our policies, procedures, and training to prevent any further issues.

8. Implementation of Policies

All of the policies and procedures detailed in this Report were utilized by Lynx and our Subsidiaries during our most recent fiscal year.

9. 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.

Per: 

Bradley H. Nathan
President

I have the authority to bind Lynx Equity Limited.