

Bill S-211 Due Diligence Report

Pro Builders Supply Ltd.

Letter from the President

Paul McCann

Pro Builders Supply Ltd. strives to conduct business in a responsible manner. As we expand our business activities and work with suppliers domestically to meet customers' needs, it is important to maintain our collective commitment to human rights.

Pro Builders Supply expects that all suppliers will abide by all applicable international and local laws, rules, and regulations in the manufacture and distribution of merchandise or services provided to Pro Builders Supply. All suppliers must be able to demonstrate compliance with these requirements at the request of Pro Builders Supply Ltd.

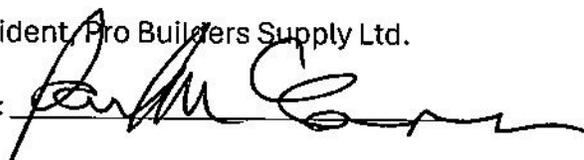
In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for Pro Builders Supply Ltd. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year 2023.

I have the authority to bind Pro Builders Supply Ltd.

Paul McCann

President, Pro Builders Supply Ltd.

Date:



About Pro Builders Supply Ltd.

Pro Builders Supply Ltd. is an entity owning and operating three Home Hardware stores across British Columbia including Penticton Home Hardware Building Center, Kelowna Home Hardware Building Center, and Osoyoos Home Building Center. We operate in the retail trade sector of home improvement, supplying building materials and related items and services for home construction and improvement.

This an original report created for filing in May 2024. This report is for the legal entity Pro Builders Supply Ltd. (business number 105384705) having met the minimum reporting requirements for sales and assets for the fiscal year 2023. Pro Builders Supply Ltd. is a limited company.

Structure, Activities, and Supply Chain

In reporting year 2023, Pro Builders Supply Ltd. did not directly import any goods from outside of Canada for resale. Pro Builders Supply Ltd. is subject to reporting laws in Canadian jurisdictions only.

Materials sourced through Home Hardware Stores Limited (HHSL) distribution centres make up 98.6% of Pro Builders Supply Ltd. purchase volume. Home Hardware Store Limited (HHSL) has created and filed its own due diligence report.

Vendors supplying the remaining 1.4% of material to Pro Builders Supply Ltd are verified by Pro Builders Supply Ltd. executive leadership team using the same criteria as HHSL.

Executive Leadership Team

Set the tone for ethical standards and provide oversight and guidance as required. Set the criteria for sourcing and implementing control measures to ensure purchasing objectives are met which includes reviewing and approving all new vendors.

Store Management

Provide purchasing oversight and ensure implementation of objectives and measures. Control the issuing of purchase orders ensuring only approved vendors are utilized by purchasing departments. Recommend new vendors and product sourced to the executive leadership team.

Head Office and Store Purchasing Teams

Work with approved vendors to ensure compliance with our standards and policies. Initiate purchasing discussions with new vendors and provide critical information to store management.

Policies and Due Diligence

Sourcing

Pro Builders Supply applies the same ethical standards to responsible Sourcing outlined by Home Hardware Stores Limited (HHSL) to any vendors where product is sourced independently. These Standards are outlined in the HHSL Supplier Guide section 1.4.

1.4 Home Supplier Code of Business Conduct Ethical Standards

HHSL, its affiliates, divisions, and subsidiaries strive to conduct business in a responsible manner. It is important to preserve our collective commitment to human rights in the workplace as well as a safe work environment.

HHSL expects that all Home Suppliers will abide by all applicable local laws, rules and regulations in the manufacture and distribution of merchandise or services provided to HHSL. All Home Suppliers are strongly encouraged to exceed HHSL's guidelines and promote continuous improvement throughout their operations.

All Home Suppliers must be able to demonstrate compliance with these requirements at the request of HHSL. HHSL reserves the right to audit any Supplier's operations involved in the manufacture, distribution of merchandise, or services provided to HHSL. HHSL expects that any changes to the Supplier's company/factory or manufacturing location will be communicated in writing to HHSL.

These guidelines introduce the minimum requirements that all Home Suppliers must meet to conduct business with HHSL. These requirements are part of all new and/or renewed commercial agreements with HHSL.

HHSL does not permit the use of forced, involuntary or child labour in any HHSL operation or those of any supplier of HHSL. Supplier agrees not to use forced, involuntary or child labour in its operations, and will only purchase materials or components from contractor or subcontracts who commit to the same.

You can reference the full HHSL Supplier Guide here:

<https://cdn-fp1.mozu.com/24871-m2/cms/files/adcc1bb4-4a64-449d-bd6b-f917ea0e2ed8>

Audits – Risk Assessment

Pro Builders Supply Ltd relies on the due diligence and vendor auditing practices of HHSL to ensure vendor adherence to child labour and forced labour policies.

Pro Builders Supply Ltd will be implementing an internal audit process and employee training program in 2024 to ensure all approved vendors are compliant with standards outlined in the 2023 report from HHSL. No internal audit, risk assessment, or monitoring practice exists for the purposes of the 2023 reporting period.