



2023 REPORT AS PART OF THE FIGHT AGAINST FORCED LABOUR AND CHILD LABOUR IN SUPPLY CHAINS

Financial year ending November 30, 2023

1 - INTRODUCTION

This is a joint report produced by Richelieu Hardware Ltd. and by its subsidiaries listed in Appendix (collectively "Richelieu" or the "Corporation") for the fiscal year ended November 30, 2023. It presents the measures taken to prevent and reduce the risk of forced labour and/or child labour at all stages of the production of goods, in Canada or elsewhere, or the importation of goods into Canada by the Corporation.

This is the first report prepared by the Corporation in accordance with *Canada's new Act to Combat Forced Labour and Child Labour in Supply Chains* (the "Act").

2 - MEASURES TAKEN TO PREVENT AND REDUCE THE RISK OF FORCED LABOUR AND/OR CHILD LABOUR

Richelieu considers respect for human rights to be a fundamental corporate responsibility and a value that governs all of its activities. Richelieu places the utmost importance on respecting human rights wherever it does business.

The measures taken by the Corporation during the financial year ending November 30, 2023 are described in greater detail in this report.

3 - STRUCTURE, BUSINESS AND SUPPLY CHAINS

Structure

Richelieu is a public corporation founded in 1987. It is incorporated under the *Quebec Business Corporations Act* and its common shares are listed on the Toronto Stock Exchange (TSX). Its head office is located at 7900 Henri-Bourassa Boulevard West, Montréal, Québec, Canada, H4S 1V4.

Activity

Richelieu is a North American leader in the import, manufacture and distribution of specialty hardware and complementary products for a large customer base of kitchen and bathroom cabinet, storage and closet, residential and office furniture manufacturers, residential and commercial woodworkers, and hardware retailers, including renovation superstores. The Corporation offers its customers a wide selection of products from manufacturers around the world. The solid relationships the Corporation has developed with leading global suppliers enable it to offer its customers the most innovative products appropriate to their business. Richelieu has 50 distribution centres and 3 manufacturing plants in Canada and 59 distribution centres in the United States and employs more than 3,000 people throughout its network, nearly 50% of whom are Richelieu's shareholders. Please refer to Richelieu's Annual Information Form for the year ended November 30, 2023 for a more detailed description of Richelieu (available on SEDAR+ at www.sedarplus.ca).

Supply Chain

Richelieu recognizes that there may be risks of forced labour and child labour in its supply chains, especially during the production of material goods by its direct suppliers or during subsequent stages of the supply chain. Richelieu's supply chain consists primarily of suppliers whose products and materials do not come from countries on the "*List of Goods Produced by Child Labor or Forced Labor*" published on September 28, 2022 by the U.S. Bureau of International Labor Affairs to help us identify risks in our supply chains.

The vast majority of the products distributed by the Corporation are sourced from world-renowned suppliers who also have reporting obligations under similarly applicable legislation.

4 - POLICIES, GOVERNANCE AND DUE DILIGENCE PROCESSES

Richelieu makes every effort, including due diligence, to monitor the performance of its suppliers to ensure that its activities do not have a negative impact on human rights.

Management Approaches

The management of Richelieu's supply chain includes the identification of risks related to sustainable development and, without limiting the generality of the foregoing, the management of risks related to human rights, as well as the ongoing training of our employees and suppliers, in particular through the implementation of policies and other specific governance standards clearly demonstrating that the Corporation does not tolerate any form of non-respect for human rights, forced labour or child labour.

Code of Ethics

The Code of Ethics applies to the Corporation and all its subsidiaries. It sets out the main principles that define our professional ethics, and stipulates that employees, officers, and directors must comply with the laws and regulations that apply to them.

Supplier Social Responsibility Standards

Richelieu's Supplier Social Responsibility Standards (the "**Supplier Code**") describes the Corporation's expectations of its suppliers regarding responsible business practices. These expectations reflect the Corporation's values and the application of these values in the context of its activities. By requiring compliance with its Supplier Code, the Corporation clearly states its intention to do business only with suppliers who respect the environmental, social and governance ("ESG") standards that apply to them.

During the fiscal year ending November 30, 2023, the following measures were undertaken by the Corporation to prevent the risks of forced labour and child labour in its operations and supply chain:

- Use of independent external companies to assess the risks of forced labour and child labour in its operations and supply chains;
- Development and implementation of an action plan to combat forced labour and child labour where risks have been identified;
- Development and implementation of procedures and other due diligence processes to identify, address and prohibit the use of forced labour and child labour in our operations and supply chain;
- Requirement for each supplier and direct subcontractor to put in place the necessary policies to identify and prohibit, where appropriate, any use of forced labour and child labour in their activities and supply chains;
- Development and implementation of anti-forced labour and anti-child labour contractual clauses with each of our direct suppliers;
- Development and implementation of standards and other codes of conduct prohibiting all use of forced labour and child labour;
- Constant monitoring of risks related to the use of forced labour and child labour;
- Use and implementation of mechanisms that clearly define the Corporation's expectations in terms of handling complaints and concerns, which must be dealt with appropriately; and
- Development and distribution of awareness-raising material on forced labour and child labour.

Each of the Corporation's suppliers is therefore required to:

- Never use forced labour or human trafficking in any form (prison, slavery, indenture, servitude or otherwise);
- Not employ any person under the age of 15 or under the national minimum age for employment, whichever is higher. If the minimum age for employment is set at 14 in a given country in accordance with International Labour Organization standards, exceptions may be made;
- Pay all employees at or above the statutory minimum wage;
- Provide every employee with all the legal benefits they are entitled to;
- Respect the working hours prescribed by law; and
- Have written safety, health and environmental guidelines, to comply with local safety, health and environmental laws and regulations, and to provide adequate personal protective equipment where required.

Whistleblower Policy

The Whistleblowing Policy adopted by the Corporation provides a framework for the process enabling any employee or other stakeholder to communicate, anonymously and confidentially, any complaint or concern, and to receive and deal with such complaints and concerns while ensuring the protection of the complainant. No retaliation will be taken against an employee or other stakeholder who has reported misconduct in good faith.

Governance

Richelieu has strong corporate governance that clearly establishes the roles and responsibilities of all those responsible for overseeing the prevention and mitigation of forced labour and child labour in its operations and supply chain.

The Human Resources and Governance Committee is responsible for managing the risks associated with human rights and therefore considers the impact of the Corporation's current activities on human rights, as well as any other risks associated with forced labour and child labour, in close collaboration with the Corporation's management team.

Richelieu's Legal Department oversees the implementation of all applicable human rights policies and acts as a point of contact for issues relating to any of the policies put forward by the Corporation.

Finally, Richelieu's management team is responsible for designing, maintaining and evaluating the program for managing the risks and other ESG factors related to our supply chain. As part of its internal governance process, the Corporation assesses the adequacy of risk controls, including those in its supply chain. As part of this process, the management team reports to the various Board committees on the adequacy of our controls and their compliance with industry standards and trends, including compliance with suppliers' risk management policies and procedures. Finally, the Board's subcommittees provide management with ongoing guidance on the direction the Corporation should take in addressing ESG issues, including its responsible sourcing policies.

Due Diligence Process

The Corporation has implemented various due diligence processes to prevent and mitigate any human rights risks in its operations and with its suppliers.

This process includes the identification, classification, evaluation and ongoing management of economic, social, and environmental risks and opportunities, taking into account the impact of relevant external factors such as geopolitical developments, current events and social and business trends.

Finally, the Corporation carries out periodic human rights risk assessments, the frequency of which depends, among other things, on the level of risk anticipated based on the country in which each supplier is located. Our due diligence procedure also requires our operational teams and sites to develop and implement defined processes to mitigate human rights risks and impacts. These processes must, as a minimum, include the pre-qualification of each supplier, reasonable assurance that corrective action will be taken where necessary, and a categorization of low, medium, and high risks according to the type of goods and/or services to be supplied.

In 2023, the Corporation focused its efforts on increased due diligence of its critical direct suppliers, including their ongoing monitoring and evaluation. For the purposes hereof, a critical supplier is a supplier of goods or services which, in the event of an interruption in the supply chain, could have a material adverse impact on the Corporation's production, costs and/or revenues.

5 - RISKS OF FORCED LABOUR AND/OR CHILD LABOUR

Supply Chain Compliance

Through the implementation of standards of conduct and other voluntary policies and principles, the Corporation ensures that it incorporates all the human rights measures required as part of its business activities, particularly in the areas of social and environmental management, health and safety, procurement, security and human resources.

Richelieu strives to work only with suppliers who train and develop their employees, and who work with the communities in which they operate to improve the educational, environmental, cultural, economic, and social well-being of those communities.

The Corporation requires each supplier to respect its commitments and to ensure that its activities comply with the terms of the Supplier Code. Each supplier further undertakes to share the Code with all other related parties, namely their agents and subcontractors, including any employment agencies, engaged, directly or indirectly, in the supply of goods or services for the benefit of the Corporation.

The Corporation also conducts regular audits and ensures that its suppliers are reviewed by the Corporation's supply chain team at least every twenty-four months. If it is determined that a supplier is not complying with the Supplier Code, the supplier must work closely with Richelieu to develop and implement a corrective action plan in accordance with a mutually agreed-upon timetable for resolving any issues identified. Failure to comply with any commitment in the corrective action plan will be considered a material breach and may result in the cancellation of any outstanding orders and/or the termination of the supplier's contractual relationship with Richelieu. Any flagrant violations or illegal activities will be cause for immediate and outright termination of our contractual and business relationship. Richelieu reserves the right to amend or modify these standards at its discretion. Richelieu may terminate its relationship with any supplier who violates these standards.

6 - REMEDIATION

Remediation of Forced Labour and/or Child Labour

The Corporation has not identified any forced labour and/or child labour in its operations or supply chains. Consequently, Richelieu has not had to take any measures to remedy forced labour and/or child labour.

Remediation of the Income Losses of the Most Vulnerable Families Caused by any Measures to Eliminate Forced Labour and/or Child Labour in its Activities and Supply Chains

To date, no loss of income for vulnerable families resulting from measures taken to eliminate forced labour and/or child labour in its activities and supply chains has been identified.

7 - TRAINING

The Corporation's employees regularly receive personalized training on topics relating to ethics and our policies. All new office employees receive a voluntary training package, which includes a section on our Code of Ethics. Each year, all office employees must certify that they comply with our Code of Ethics.

In 2024, the Corporation intends to provide certain groups of employees with training on forced labour and/or child labour.

8 - EFFECTIVENESS EVALUATION

Richelieu is currently assessing the effectiveness of these measures.

9 - APPROVAL AND ATTESTATION

This report has been approved by the Board of Directors of Richelieu Hardware Ltd. in accordance with paragraph 11(4)(a) of the Act.

In accordance with the requirements of the Act, and in particular section 11 thereof, we, the undersigned, certify that we have examined the information contained in this report for the entity listed above. To the best of our knowledge, and having exercised due diligence, we confirm that the information contained in this report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year referred to above.

I have the power to bind Richelieu Hardware Ltd.

(Signed)

Per: _____

Richard Lord
President and Chief Executive Officer
Director of Richelieu Hardware Ltd.
Date:

I have the power to bind Richelieu Hardware Ltd.

(Signed)

Per: _____

Marc Poulin
Director and Chairman of the Human Resources
and Governance Committee of Richelieu Hardware Ltd.
Date:

APPENDIX

List of reporting entities

The following table sets out all subsidiaries of Richelieu Hardware Ltd. as of November 30, 2023:

Subsidiaries	Incorporated under the Laws of
Richelieu Finance Ltd.	Quebec
Richelieu Hardware Canada Ltd.	Ontario
Distributions 20/20 Inc.	Canada
Les Industries Cedan Inc.	Quebec
Euro Ornamental Forgings Inc.	Ontario
Provincial Woodproducts Ltd.	Newfoundland
Menuiserie des Pins Ltée	Quebec
Interco Division 10 Inc.	Ontario
Usimm Unigrav Inc.	Quebec