

Sexton Group Ltd.
Modern Slavery Report
For the Year Ended December 2023

About Us

Sexton Group Ltd. ("Sexton" or the "Company") operates as an independent buying group catering to building material dealers, hardware retailers, specialty dealers and manufactured structure specialists. With a membership exceeding 300, representing over 400 locations across every province and territory in Canada, the Company is steadfast in its commitment to ethical business practices, integrity, and transparency. Our dedication extends to implementing systems and controls to prevent any form of Modern Slavery within our business operations and supply chains.

As a Canadian private company incorporated in the province of Saskatchewan, Sexton consistently negotiates competitive programs nationwide for its members. This ensures the adoption of reliable ethical vendor practices and the provision of high-quality products at fair prices, empowering our members to focus on core business activities.

This Modern Slavery Report (the "Report") is presented in strict compliance with Canada's Fighting Against Forced Labour and Child Labour in Supply Chains Act (the "Canadian Act"). It serves as a comprehensive statement on Company efforts to combat forced labor and child labor for the fiscal year ending December 31, 2023.

Sexton's registered office is 1500-1874 Scarth St, Regina, SK, S4P 4E9 and primary place of business is located at 1345 Kenaston Blvd, Winnipeg, Manitoba, R3P 2P2. For further details, please visit our website <https://sextongroup.com>, or contact via email info@sextonfc.com.

Strategies for Mitigating Forced Labour & Child Labour in 2023

Sexton's supply chain is the network that connects the Company with its trusted vendors, service providers, distributors, consultants, and transportation companies. This network enables the delivery of essential services to our members. Compliance with all applicable laws, including prohibitions on child labor, forced labor, human trafficking, and slavery, as well as adherence to laws governing human rights, labor rights, freedom of association, collective bargaining, and working hours, is mandatory for our directors, officers, employees, service providers, suppliers, and contractors.

In 2023, Sexton took steps to understand its responsibilities pursuant to the Canadian Act. Senior Management is dedicated to evaluating the Canadian Act's implications on the organization, actively participating in external training sessions to deepen understanding and to engage external advisors to guide a compliance approach.

Sexton will be conducting a comparative analysis of similar frameworks in other jurisdictions to inform on strategy and to ensure comprehensive compliance. Additionally, the Company is developing or assessing existing policies and mandates to identify areas for enhancement and alignment with the Canadian Act.

Furthermore, Sexton is undertaking a thorough risk assessment of all suppliers, considering factors such as materiality and geographic operations, emphasizing a commitment to implementing compliance measures throughout its supply chain.

These proactive and collaborative measures underscore Sexton's commitment to meet the requirements of the Canadian Act.

Supply Chain

Sexton's supply chain consists of collaboration with over 200 product suppliers that all play an important role in supporting the business operations and members. Sexton partners with Canadian suppliers, offering

a diverse range of goods and services to members. Our steadfast commitment is to maintain a partnership with reputable product suppliers.

Sexton's vendor on-boarding process ensures consistent adherence to the Company's standards of compliance, quality, and safety across its entire range of products and services, thereby fostering reliability and consistency.

Sexton is committed to ensuring that its supply chain is aligned with both business objectives and regulatory mandates and will be developing processes to monitor and evaluate the performance and compliance of its product suppliers. This will include a comprehensive risk assessment methodology when onboarding a new product supplier, incorporating a questionnaire addressing human rights and labor conditions, further reinforcing a commitment to ethical sourcing practices.

Policies & Mandates

Sexton is dedicated to compliance with relevant laws, regulations, and industry standards. We uphold employees and product providers to the highest standards of integrity, honesty, and ethical conduct within the business environment as evidenced by our core values.

Every individual associated with Sexton, including directors, officers, employees, service providers, suppliers, and contractors, is mandated to strictly adhere to applicable laws, including those of Canada and its provinces. These laws prohibit practices such as child labor, forced labor, human trafficking, and slavery. Additionally, adherence to laws concerning human rights, labor rights, freedom of association, collective bargaining and working hours is paramount.

Some of these expectations are outlined in the Company's Harassment Prevention Policy, the "Policy", which is distributed to all new employees during their onboarding process. Sexton is currently reviewing its policies and processes to determine if each director, officer, employee, and contractor should annually confirm their understanding and commitment to these principles. Sexton is committed to improving its governance practices to meet the requirements of the Canadian Act.

Due Diligence

Sexton is dedicated to ensuring that its supply chain reflects its corporate values and complies with all relevant laws and regulations. Sexton will conduct a review of its due diligence practices to ensure that the highest standards of ethical conduct and legal compliance throughout the procurement processes are being followed. Furthermore, a review of the supplier onboarding procedures will be done to ensure it involves a thorough assessment of suppliers and their respective jurisdictions of business. This approach will help guarantee that potential suppliers meet Company compliance standards and align with organizational values.

Risk Assessment

Sexton recognizes the pivotal role of effective risk management in driving operational success. To this end, we have implemented an enterprise risk management process overseen by the Board of Directors, encompassing financial and economic factors, and will implement additional risk management measures pursuant to meeting the requirements of the Canadian Act.

As part of the supplier review process, the Company will prioritize the assessment of operational jurisdictions. To date, most of the Companies product suppliers operate under Canadian laws, including

compliance with the Canadian Human Rights Act. Categorizing suppliers based on the goods or services they provide; the Company will implement processes to conduct thorough evaluations to identify potential risks of forced labor or child labor within its supply chains. While the Company believes no immediate risks exist within the direct supply chain, Sexton acknowledges that potential risks may exist with tier two suppliers and beyond, with whom interactions are indirect.

Sexton's workforce, comprising both head office and field employees, as well as contractors, is subject to Canadian employment law, which serves to mitigate risks of forced labor or child labor.

To sustain proactive risk management efforts, the Board remains vigilant in addressing the threats posed by modern slavery and human trafficking, particularly within Company supply chains. They are committed to continuously assessing, monitoring, and enhancing processes to effectively safeguard against these risks.

Education & Training

Sexton is dedicated to enhancing its onboarding process by developing and incorporating comprehensive training on Company policies to deal with adherence to the prohibition of all forms of slavery, forced labor, human trafficking, and child labor within its business. This initiative reflects Sexton's commitment to honesty, integrity, and accountability and emphasizes the crucial role of certain positions in ensuring sustained success and maintaining the reputation as a responsible corporate citizen.

The Company understands the importance that all directors, officers, and employees that hold certain positions confirm their understanding and commitment to adhering to the prohibition of all forms of slavery, forced labor, human trafficking, and child labor within its business. Employees who are unsure about whether an act or working condition violates Company policies are encouraged to seek guidance from leadership or the Human Resources department.

At Sexton, fostering an environment of open and transparent communication is paramount. The Company actively encourages all stakeholders to report any instances of policy violations or breaches of standards, without fear of retaliation. This commitment underscores a dedication to upholding Company values and ensuring ethical conduct throughout the organization.

Assessment

The Company is developing processes to examine its supply chain and determine the level of risk that modern slavery poses to its operations. The majority of the Company's suppliers primarily operate within Canada and would not be classified as high-risk entities as they are mandated to adhere to Canadian laws and regulations.

While we believe the overall risk level is assessed as low, Sexton acknowledges the imperative of establishing appropriate management systems to proactively mitigate the risk of modern slavery within its supply chain. At the time of this Report, Sexton was not made aware of any current or recent incidents of modern slavery associated with its supply chains or business operations.

Next Steps

Continuously preventing and addressing Modern Slavery risks within the operations and supply chains remains an ongoing priority for Sexton, necessitating sustained vigilance and evaluation. To further enhance efforts in the coming year, Sexton plans to implement the following measures:

1. Review and refine policies and mandates pertaining to forced labor and child labor to identify opportunities for improvement and enhancement.

2. Strengthen supplier prequalification and onboarding processes to bolster controls and procedures.
3. Engage with suppliers to emphasize Sexton’s commitment to ensure Modern Slavery is not present in its supply chains, fostering a shared understanding of collective responsibility in this regard.
4. Develop and deliver comprehensive training sessions for certain positions to raise awareness and understanding of all facets of slavery, compulsory labor, forced labor, human trafficking, and child labor.

Through monitoring of the effectiveness of Modern Slavery risk management practices, Sexton aims to reaffirm its dedication to ethical business operations and risk mitigation throughout its supply chain.

Approval and Attestation

In accordance with the requirements of the Canadian Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the Report. 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 Canadian Act, for 2023.

I have the authority to bind Sexton Group Ltd. and the Reporting Entities.



(signed) “Rob Duguid”
Chairman, Sexton Group Ltd.
May 31, 2024