



Foundation Building Materials

FIGHTING AGAINST FORCED LABOUR AND CHILD LABOUR 2024 (JOINT) REPORT

I. INTRODUCTION

This joint report (“Report”) is prepared on behalf of Foundation Building Materials, LLC¹ and FBM Canada GSD, Inc.² (“FBM” or “Company”) for the year ending December 31, 2024, pursuant to Canada’s *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (“Act”). This Report is the second report prepared by FBM pursuant to the Act. This Report shall be updated and published at least annually.

FBM’s mission is to be the most trusted supplier partner to the construction trades in North America; delivering on safety, service, innovation, and value for our customers while creating opportunity and growth for the FBM Family.

FBM is founded and operated on a well-defined set of core values. These foundational values are central to creating an industry leading experience for our customers, employees, vendors and shareholders alike. From our safety first and customer focus to valuing our employees, operating with integrity and pursuing excellence, at FBM the goal is to demonstrate our values in the way we conduct business each and every day.

Accordingly, FBM remains committed to complying with all applicable legal and ethical standards in its operations and supply chains, including those that prohibit the use of forced labour and child labour. This Report outlines FBM’s policies, procedures, and actions in alignment with the Act’s requirements and confirms its continuing efforts to assess, prevent, and address possible risks related to forced labour and child labour in its business and supply chains.

Forced Labour and Child Labour Definitions

Under the Act, “forced labour” and “child labour” are defined as follows:

Forced Labour means labour or service provided or offered to be provided by a person under circumstances that: (a) could reasonably be expected to cause the person to believe their safety or the safety of a person known to them would be threatened if they failed to provide or offer to provide the labour or service; or (b) constitute forced labour as defined in article 2 of the Forced Labour Convention, 1930, adopted in Geneva on June 28, 1930.

Child Labour means labour or services provided or offered to be provided by persons under the age of 18 years and that: (a) are provided or offered to be provided in Canada

¹ Foundation Building Materials, LLC is an LLC organized in California (USA) with headquarters in Santa Ana, California.

² FBM Canada GSD, Inc. is a company incorporated under the laws of Alberta (Canada). FBM Canada GSD, Inc. is a subsidiary of Foundation Building Materials, LLC.



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under circumstances that are contrary to the laws applicable in Canada; (b) are provided or offered to be provided under circumstances that are mentally, physically, socially or morally dangerous to them; (c) interfere with their schooling by depriving them of the opportunity to attend school, obliging them to leave school prematurely or requiring them to attempt to combine school attendance with excessively long and heavy work; or (d) constitute the worst forms of child labour as defined in article 3 of the Worst Forms of Child Labour Convention, 1999, adopted at Geneva on June 17, 1999.

There are seven mandatory reporting areas that must be investigated and reported which include:

- FBM's structure, activities and supply chains;
- FBM's policies and due diligence processes in relation to forced labour and child labour;
- The parts of FBM's activities or business supply chains that carry a risk of forced labour or child labour being used and the steps FBM has taken to assess and manage that risk;
- Any measures taken to remediate any forced labour or child labour;
- Any measures taken to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in FBM's activities and supply chains;
- The training provided to employees on forced labour and child labour; and
- How FBM assesses its effectiveness in ensuring that forced labour and child labour are not being used in its activities or business and supply chains.

II. STRUCTURE, ACTIVITIES AND SUPPLY CHAIN

FBM is an industry leading building materials and construction products distribution company. FBM has over 375+ locations and more than 8,000 employees across the United States and Canada. FBM works to strategically select each manufacturer partner based on their commitment to supplying industry leading, quality products while supporting the building materials industry with leadership, world class service and innovation.

Building supply products that FBM provides include: drywall, steel, acoustical ceilings, insulation, stucco, exterior insulation finishing systems ("EIFS") products, fasteners and fastening systems, fiberglass reinforced panels ("FRP"), drywall tools, power tools (e.g., a reciprocating saw, a drywall screw gun, a drywall mud mixing drill, a drywall cut out tool, a jigsaw, a chop saw, jobsite vacuums), and doors, framers, and hardware.

Intended only as reference, the following is a products overview for materials distributed by FBM - <https://www.fbmsales.com/products/>.

FBM works with many suppliers to provide goods and services. FBM considers its suppliers to be important and valued business partners. The suppliers FBM engage with range from local to global. One of FBM's primary goals is to provide outstanding value to our customers. To FBM, this means working with only the best manufacturers to provide the highest quality



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products. Accordingly, FBM actively develops and evaluates our vendor partner business relationships on an ongoing basis. From drywall, steel and ceilings to tools, fasteners and stucco, FBM makes it a priority to work with industry leaders we know and trust.

The following is an overview of FBM's partner vendor manufacturers - <https://www.fbmsales.com/vendors/>. FBM recognizes the greatest risk exposure to forced labour and child labour is through our suppliers, especially if any are in higher-risk geographies and/or sectors and given the limited visibility into our suppliers' upstream supply chains. The majority of suppliers for FBM are not in high-risk areas or sectors. As such, FBM's exposure to possible forced labour and child labour risks remains low.

Throughout the report development, and process, pursuant to the Act, FBM seeks to gain visibility into the suppliers' supply chain. The following are considerations that FBM seeks to develop and implement: conducting internal and third-party audits, continuing supplier selection based on ethical standards, keeping an open dialogue with our suppliers, and site visits, as needed/appropriate.

FBM purchases substantially all materials it distributes from sources located in North America. FBM suppliers are expected to remain in material compliance with all applicable laws, including but not limited to the Act.

III. POLICIES AND DUE DILIGENCE PROCESSES

FBM is and remains committed to taking into consideration and addressing human rights due diligence, environmental, social, and governance ("ESG") impact of business activities into its policies, procedures and decision making. With the foregoing in mind, FBM implements a centralized enterprise risk and safety management system coupled with active internal audits. FBM's intention is to allow for a system design to help identify and assess risks in a prompt and judicious manner. Here is a link to FBM's Safety page - <https://www.fbmsales.com/safety/> to help illustrate FBM's safety value system.

For the purpose of developing this Report, FBM's Legal, Risk, Safety, Human Resources, and Operations teams provided input to help identify the potential impact and assess the effectiveness of the steps taken and to be taken to address the risks of forced labour and child labour.

FBM communicates its expectations regarding Company and employee conduct, in part, through the FBM employee handbook which is reviewed and updated at least annually. Additionally, FBM offers and requires in-person and online training to help communicate and reinforce the same.

Part of FBM's communication provides a framework for asking questions and highlights resources in place to report any concerns. These policies and procedures allow for anonymous and confidential reporting, as may be needed or wanted. FBM encourages the reporting of



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actual or potential non-compliances with our policies or with legal requirements. Accordingly, FBM offers several methods for reporting violations, including in-person, direct, email (both to management and/or anonymous), online, and via telephone (both to management and/or anonymous). Through FBM's reporting/grievance process, individuals and groups can raise concerns or bring complaints about adverse human rights impact cause or contributed by business enterprises, file a report/grievance, and seek remedy.

The expectations of FBM apply to all employees of the Company. Matters like conflicts of interest, confidentiality, compliance with applicable laws, and reporting issues with compliance or related are contained in the employee handbook. Further, the FBM employee handbook details the commitment to providing a discrimination and harassment free work environment. FBM prohibits retaliation against anyone who reports any issue or concern.

FBM's suppliers are expected to uphold similar standards of compliance including, but not limited to, all applicable laws, rules and regulations, wage and hour laws, unlawful labour practices (e.g., forced labour and child labour), and engaging in its products process in a safe manner. While FBM does not require written confirmation from all of its suppliers, FBM seeks to expand appropriate requirements to its suppliers to gain better visibility into the suppliers' supply chains.

IV. STEPS TO PREVENT AND REDUCE RISK

Although FBM's exposure to possible forced labour and child labour risks is considered low, the nature of our business requires procuring many supplies and materials from different suppliers. As presented throughout this Report and the materials FBM provides to its employees, FBM is committed to the safety and health of its employees. Accordingly, FBM strives to always conduct its operations with that in mind, including but not limited to compliance with applicable laws and regulations. Risks in the FBM supply chain arise from limited visibility into our suppliers' supply chains.

Starting in 2023, continued in 2024, and to continue for subsequent reporting years, FBM conducted a review and an internal audit of its suppliers. Particular focus on, but not be limited to, our major suppliers and if they are in high-risk countries, high-risk goods, the supplier's category and type of products/services, and score on the corruption perception index based on publicly available resources. A non-exhaustive list of the resources FBM utilizes to help in identifying potential risks are as follows (in no particular order): the Global Slavery Index at walkfree.org, the List of Goods Produced by Child Labor or Forced Labor, U.S. Department of Labor, Bureau of International, the International Labour Organization, the Organisation for Economic Co-operation and Development, World Vision, the United Nations Children's Fund, and the United Nations Guiding Principles on Business and Human Right with focus on the following potential impacts: (1) severity (scale, range, difficulty to make improvements); and (2) probability (procurement country status, industry and region).



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In addition to building out supply chain mapping, FBM takes into consideration the following requirements or actions to allow greater visibility into the supplier supply chain: enhanced terms and conditions, supplier certifications and/or questionnaires, additional site visits, third party inspections, or termination of the relationship. Additional options include FBM asking a supplier to improve their business behavior if there is a conflict (or potential conflict) with FBM standards.

FBM has internal structures in place to help identify information on employee recruitment and maintaining internal controls to ensure that employees are recruited voluntarily. Additionally, FBM maintains Health and Safety policies to ensure safe working conditions and to comply with applicable Occupational Health and Safety laws. All FBM employees receive training on safe working conditions and the requirements to report any unsafe working conditions, accidents, or any even attempts at violence, bullying, or harassment. FBM also has Monthly Safety Newsletters sent to all employees and Safety Communications presented on more particularized issues.

While the information in this Report represents the current known risks and actions undertaken by FBM, more work is underway to monitor supplier activities as well as higher-risk categories and countries that may change in the future as we learn more. If any issues are found, they are escalated to appropriate senior management for review and action. In 2024, there were no issues found concerning forced labour or child labour issues. FBM will continue to monitor, review, and build out its internal and external mechanisms to help address issues of forced labour and child labour.

V. TRAINING

FBM has mandatory and optional training courses provided for all levels of employees. The training courses are in-person, online, and through third-party vendors. FBM provides training courses on its company philosophy including but not limited to human rights and a commitment to the highest level of standards by FBM.

FBM is in the process of exploring more specialized, in-person training sessions to continue to foster a culture that helps increase awareness and address potential issues of forced labour and child labour across all facets of our operations and supply chain.

VI. ASSESSING EFFECTIVENESS

Identifying and working toward assessing the effectiveness of the policies and procedures implemented will require continued internal commitment and communication as well as relationships with third parties. As FBM continues to build out internal and external mechanisms for itself and third parties, it will conduct a review and/or audit of the policies and procedures related to forced labour and child labour. Doing so will help track relevant performance indicators, such as employee awareness, number of cases reported, grievance mechanisms triggered, and number of contracts with relevant forced labour and child labour clauses.



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As discussed in this Report, we use our strong value-oriented foundation to help guide us towards preventing and reducing forced labour and child labour risk in our supply chains. We will work towards taking additional active steps to help assess the effectiveness of the internal and external mechanisms we introduce.

LOOKING AHEAD

FBM recognizes the importance of maintaining constant vigilance to identify and address any impacts associated with modern slavery throughout its operations and supply chains. FBM is committed to continuing to enhance its capacity to identify, prevent and mitigate any actual or potential impacts including:

- Strengthening engagement with suppliers;
- Strengthening training and educational activities related to requirements under the Act; and
- Strengthening information disclosure and transparency to supply chain management.

VII. REMEDIATION

As of December 31, 2024, FBM has not faced situations of forced labour or child labour. Therefore, FBM has not had to remedy and/or rectify as such. If any such situation is identified, FBM will work to develop and implement a corrective plan to improve and/or remedy in a prompt manner.

Depending on the circumstances, this may include supporting victims' workforce reintegration, implanting grievance mechanisms, issuing formal apology, and compensating affected workers (e.g., direct reimbursement for fees paid to employment agencies).



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In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in this Report for the entity listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in this Report is true, accurate and complete in all material respects for the purposes of the Act for the reporting year listed above.

I have authority to bind FBM.

Ryan Ward

Vice President, Human Resources

Foundation Building Materials, LLC

Date: MAY 30, 2025