

# Novexco

**Report of Novexco Inc.  
and S.P. Richards Canada Co. Ltd**  
under the Fighting Against Forced Labour  
and Child Labour in Supply Chains Act

## 1. Introduction

This document constitutes the inaugural annual report (the "**Report**") pursuant to Section 11 of the Fighting Against Forced Labour and Child Labour in Supply Chains Act (the "**Act**") and is filed on behalf of the entities described below, each being a member of the corporate group of Novexco Inc. (collectively, the "**Novexco Group**" or "**we**"):

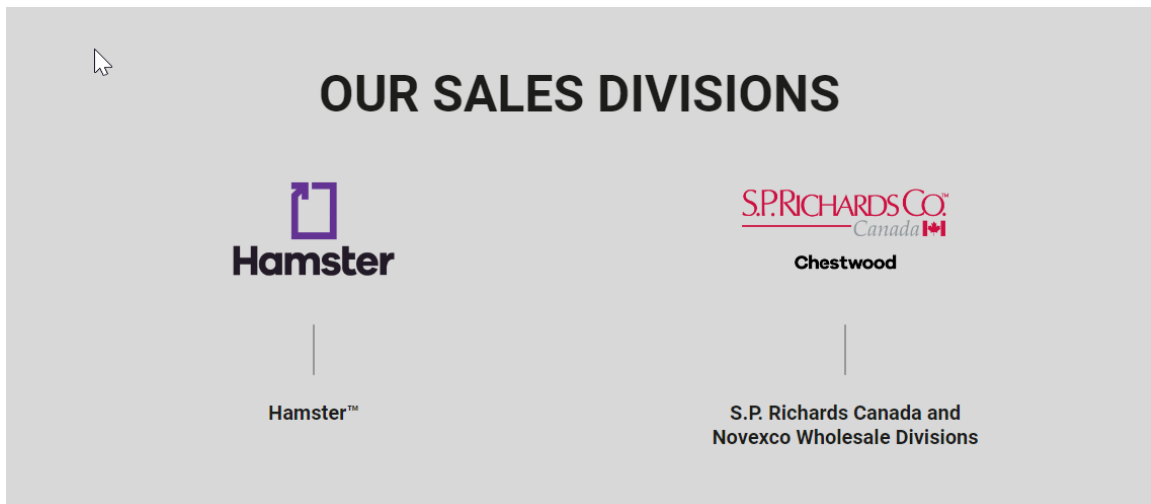
- Novexco Inc.; and
- S.P. Richards Canada Co. Ltd

(each being a "**Reporting Entity**" and collectively referred to as the "**Reporting Entities**") covering their respective financial year for the 12-month period ended May 31, 2024 (the "**Reporting Period**").

## 2. Our structure and business activities

Novexco Inc. is a legal entity incorporated under the Canadian Business Corporations Act ("CBCA") on June 14, 1996, and S.P. Richards Canada Co. Ltd is a legal entity resulting from the merger on January 1, 2001, of several entities under the CBCA and was acquired by Novexco in January 2020. S.P. Richards Canada Co. Ltd is a wholly-owned subsidiary of Novexco Inc. and operates within the reseller segment. The reseller segment consists of the same range of products purchased by the Novexco Group and supplies to wholesale distributors who, in turn, distribute these products to several thousand customers operating in retail and commercial market segments.

The Novexco Group's head office is located at 950, Place Paul-Kane, Laval (Quebec) Canada H7C 2T2. The Novexco Group operates the following two divisions: office supplies and furniture sales and services for the office:



The Novexco Group is a national distributor of goods consisting of office supplies, furniture, and services for the office, serving customers across Canada. Our mission is to provide innovative business solutions for the workplace, aiming for the satisfaction and loyalty of our diverse customer groups.

Through its 6 distribution centers, Novexco distributes over 20,000 office products to more than 50,000 customers. Our activities span wholesale and retail trade.

As of May 31, 2024, Novexco Group had approximately 390 full-time employees. Internal teams dedicated to centralized negotiations with suppliers and supply chain management, comprising about twenty (20) full-time employees, plan, negotiate, organize, manage, and coordinate Novexco Group's procurements.

### **3. Our Supply Chain**

National and private label products are purchased by the Novexco Group directly from manufacturers or suppliers through manufacturer or supplier representatives or brokers. Except for rare exceptions, the Novexco Group sources from over 200 top-tier manufacturers and suppliers, primarily located in Canada and the United States. Purchases made from top-tier suppliers outside of Canada and the United States come from Thailand and China and represent less than 3% of the Novexco Group's total purchases.

Given the preliminary mapping of our supply chain, which is found to be primarily concentrated in Canada and the United States, and the reputation enjoyed by the top-tier suppliers that comprise it, we preliminarily estimate the risk of forced labour and child labour in our supply chain to be low. However, we acknowledge that there could be an increased risk of forced labour and child labour in the portion of our supply chain located in Asia.

### **4. Governance, and Due Diligence Processes for Forced Labour and Child Labour**

The Novexco Group rejects the use of forced labour and child labour as defined by the Act, both within its own operations and within its supply chain. To this end, the Novexco Group has implemented the following policies and governance structures:

#### **a. Internal Code of Conduct**

Our Internal Code of Conduct, consisting of Novexco's Rules of Ethics and Professional Conduct and the Code of Ethics, Conduct, and Civility included in the employee handbook (collectively: the "Code"), is addressed to the entire Novexco Group community, including the board of directors, management, and all our employees.

This Code establishes the ethical standards that govern our work environment, business practices, and interactions with external stakeholders. The Code specifies the expected behaviours of the individuals concerned.

### **b. Supplier Conduct**

Although our methods and procedures aim to ensure desired behaviours from our suppliers, we seek to improve them and are currently exploring additional measures to reduce the risk of child labour and forced labour in our operations and supply chain.

### **c. Governance**

Through its committees, the board of directors is responsible for the ethics and corporate governance of the Novexco Group. As part of its mandate, the board of directors receives quarterly reports from management, if applicable, on compliance issues within the Novexco Group. The Corporate Governance and Human Resources Committee of Novexco works with management to evaluate ethical issues and periodically reports to the board of directors. The Audit Committee is responsible for monitoring complaints received in line with the whistleblower policy and periodically reports to the board of directors.

The Corporate Governance and Human Resources Committee periodically reviews the Novexco Group Code of Conduct, corporate governance principles, and guidelines, and makes recommendations to the board of directors regarding their content and application. Over the next year, the Corporate Governance and Human

Resources Committee plans to recommend amending certain provisions of the Code and the charters of the board's committees to explicitly refer to the Act.

The board of directors of Novexco Inc., aided by its various committees (as more fully described below), periodically reviews significant risks related to the business and its activities. The management of Novexco Inc., for its part, continues its risk analysis exercise and the implementation of measures aimed at combating forced labour and child labour. Considering this, the Novexco Group will continue to adjust its processes and controls and will continue its efforts to measure the effectiveness of its processes and controls

**d. Whistleblowing Policy and Protection Against Retaliation**

The Novexco Group already has a Whistleblowing Policy and Protection Against Retaliation (the "Whistleblowing Policy") for the internal management of its human resources, and any concerns in this regard must be addressed without delay. The Novexco Group provides all its managers and employees with a whistleblowing mechanism that allows them to report issues confidentially or not. In the next fiscal year, we will specify that whistleblowing will also apply to practices involving forced labour and child labour.

As mentioned above, in the next fiscal year, management will propose specific measures for suppliers. These measures will aim to better equip us to detect and uncover, among other things, any risk of forced labour or child labour in our operations or supply chain.

**5. Risk Assessment of Forced Labour or Child Labour in Supply Chains and Measures Taken During the Reference Period to Prevent Risks**

We continue to assess the risk of forced labour or child labour in our supply chains. During the reference period, management undertook an analysis of the policies and types of measures that the 200 most important top-tier product suppliers claim to

practice protecting against the risks of forced labour or child labour. These preliminary analyses, based on the volume of business with suppliers, show that more than 80% of our suppliers have declared awareness of the Act or have already published their report on their website. Based on the information available to date, these findings are encouraging and, to the best of our knowledge, do not indicate a high risk.

In the next fiscal year, management will implement certain initiatives to enhance the assessment of the risk of forced labor and child labor in its operations and supply chains.

#### **a. Elements Introduced During the Reference Period**

A small number of our top-tier office supply suppliers and manufacturers are located in Asia, a region where the risk of forced labour or child labour is potentially higher. Since January 2024, as part of our supply contracts, we have included in our standard contract model a provision requiring the supplier to ensure no use of forced labour or child labour. This approach to supplier adherence to this provision is applied as much as possible. As part of our regulatory compliance plan, we ask our top-tier suppliers to confirm that they do not use forced labour or child labour. As of the date of this Report, more than 80% of them have responded by email or have referred us to their site affirming that they do not use forced labour or child labour in their operations.

As mentioned, although our methods and procedures aim to ensure desired behaviours from our suppliers, we plan to implement additional measures in the coming years to reduce the risks of forced labour and child labour in our supply chain.

### **6. Measures Taken to Remedy Any Use of Forced Labour or Child Labour**

During the reference period, we did not identify any instances of forced labour or child labour in our operations and supply chains. Consequently, we did not take any measures to remedy such cases.

## **7. Measures Taken to Remedy Income Losses of the Most Vulnerable Families Caused by Measures to Eliminate the Use of Forced Labour or Child Labour in Activities**

This is not applicable, as we did not identify any cases of forced labour or child labour in our operations and supply chains during the reference period. Therefore, we did not consider or take any measures to remedy such cases.

## **8. Training**

The Novexoc Group employees regularly receive customized training on topics related to ethics and our internal policies. All new office employees receive documentation and training on the Code.

The Novexco Group maintains continuous legislative monitoring to stay abreast of the latest legislative developments that could impact its activities. Discussions took place among management members during the reference period regarding certain initiatives to be implemented, including measures to inform and raise awareness across the organization about the prohibition of forced labour and child labour in our supply chains. It is important to note that the Code must be read by all employees annually.

## **9. Evaluation of Effectiveness**

At present, no evaluation of the effectiveness of our efforts to avoid the use of forced labour or child labour in our supply chain has been undertaken. However, the Novexco Group plans to conduct an annual evaluation in the medium term to assess the impact of its actions in better preventing and reducing the risks of forced labour and child labour in its operations and supply chains.

## 10. Approval and Attestation

This report was approved by the board of directors of Novexco Inc., in accordance with subsection 11(4)(b)(ii) of the Act on May 31, 2024.

In accordance with the requirements of the Act, and particularly its section 11, we certify that we have reviewed the information contained in the report for each of the reporting entities listed above. To the best of our knowledge, and after exercising due diligence, we confirm that the information contained in the report is true, accurate, and complete in all material respects for the purposes of the application of the Act, for the aforementioned reporting year.

For clarity, we provide the above attestation as directors and officers of the reporting entities and not in our personal capacity.

Dated this 31st day of May 2024.

**Novexco Inc.**

Par :

A handwritten signature in black ink, appearing to read 'N. Goudreau', is written over a light gray rectangular background.

Nicolas Goudreau, Administrator and Chair of the Corporate Governance and Human Resources Committee, I have the authority to bind Novexco Inc.



**Novexco Inc.**

Par :

A handwritten signature in black ink, appearing to read "Denis Mathieu", written over a horizontal line.

Denis Mathieu, President and Chief Executive Officer, I  
have the authority to bind Novexco Inc.