

Novexco

**Report from Novexco
Inc. and S.P. Richards Canada
Co. Ltd.**

**Fighting Against Forced Labour and
Child Labour in Supply Chains Act**

1. Introduction

This document constitutes the 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 member of the corporate group of Novexco Inc. (collectively, the "**Novexco Group**" or "**we**"):

- Novexco inc.; and
- S.P. Richards Canada Co. Ltd,

(each a "**Reporting Entity**" and collectively referred to as the "**Reporting Entities**") covering their respective fiscal years for the 12-month period ended May 31, 2025 (the "**Reference Period**").

2. Our structure and business activities

Novexco Inc. is a legal person incorporated under the Canada Business Corporations Act ("**CBCA**") on June 14, 1996 and S.P. Richards Canada Co. Ltd is a legal person resulting from the amalgamation 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 in the reseller segment. The reseller segment consists of the same range of products purchased by the Novexco Group and supplied 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 sales divisions for office supplies and furniture and services (1) :



(1) Excluding the recent acquisition of *School Source* (March 1, 2025), for which the supplier analysis will be carried out in the course of the fiscal year ending May 31, 2026.

The Novexco Group is a national distributor of office supplies, furnishings and services with customers across Canada. Our mission is to offer innovative business solutions for the workplace, aiming for satisfaction and loyalty among our various customer groups.

Through its 6 distribution centers, the Novexco Group distributes over 20,000 office products to more than 50,000 customers. We operate in both the wholesale and retail sectors.

As of May 31, 2025, the Novexco Group employed approximately 385 full-time staff. Internal teams dedicated to centralized negotiations with suppliers and to supply management, numbering approximately twenty (20) full-time employees, plan, negotiate, organize, manage and coordinate the Novexco Group's supplies and purchases.

3. Our supply chain

National and private label products are purchased by the Novexco Group directly from manufacturers or suppliers, through manufacturers' or suppliers' representatives or brokers. With few exceptions, the Novexco Group purchases from more than 200 first-tier manufacturers and suppliers, mainly located in Canada and the United States. Purchases from first-tier suppliers outside Canada and the United States come from Thailand and China, and represent less than 3% of the Novexco Group's total purchases.

4. Forced labor and child labor due diligence policy, governance and process

The Novexco Group rejects the use of forced labor and child labor as defined by law, both within its own operations and within its supply chain. To this end, Groupe Novexco has put in place the following policies and governance:

a. Novexco Code of Ethics, Business Conduct and Civic Responsibility

Our Code of Ethics, Business Conduct and Civic Responsibility, consisting of the *Rules of Ethics and Business Conduct* which are 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 sets out the ethical standards that govern our working environment, our business practices and our interactions with external stakeholders. The Code specifies the behavior expected of those involved. During the Reporting Period, we amended the Code to introduce a new chapter dealing with the prohibition of child labor, except where permitted under labor laws that apply to our organization, and forced labor.

b. Supplier Code of Conduct

During the reporting period, we implemented a new Supplier Code of Conduct. This new tool enables us to formally state our expectations of suppliers and their obligations to prevent illegal practices such as forced labor and child labor in supply chains. We place paramount importance on corporate integrity, responsible sourcing of our products, and the safety and well-being of workers throughout our supply chain. These principles are set out in this Supplier Code of Conduct, which establishes minimum standards for all our suppliers in the following areas:

- treatment of workers ;
- safety in the workplace ;
- ethical business practices.

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, on a quarterly basis, reports from management on compliance issues facing the Novexco Group. Novexco's *Corporate Governance and Human Resources Committee* works with management to assess ethical issues and reports periodically to the Board of Directors. The Audit Committee is responsible for following up on complaints received in line with the whistle-blowing policy, and reports periodically to the Board of Directors.

The Corporate Governance and Human Resources Committee annually reviews the Code and the corporate governance principles and guidelines, and makes recommendations to the Board of Directors concerning their content and application. Over the past year, the Corporate Governance and Human Resources Committee has recommended that certain provisions of the Code and of the charters of the Board of Directors and the Corporate Governance and Human Resources Committee be amended to refer expressly to the Act. These charters have been updated accordingly to ensure good governance of the aspects surrounding the application of the Act.

Novexco's Board of Directors, assisted by its various committees, annually reviews the major risks associated with the company and its activities. For its part, Novexco Group management continues to analyze risks and implement additional measures with a view to continuous improvement in the fight against forced labor and child labor.

d. Whistleblower policy and protection against retaliation

The Novexco Group has enhanced its Whistleblowing and Protection Against Retaliation Policy (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 whistle-blowing mechanism so that they can make confidential reports. Over the past year, we have specified that whistleblowing will also be applied to practices involving the use of forced and child labor, as well as to the employees of our suppliers, notably via the Supplier Code of Conduct.

These measures are designed to better equip us to detect and uncover, among other things, any risk of forced or child labor in our operations or supply chain.

5. Assessment of the risks of the use of forced or child labor in its supply chains and the measures already taken during the Reference Period to prevent these risks.

During the Reporting Period, the Novexco Group undertook an analysis of the policies and types of measures that our top 200 first-tier product suppliers claim to practice in order to prevent the risk of using forced or child labor. This preliminary analysis has shown that over 80% of our first-tier suppliers are aware of the Act, or have already published their report under the Act on their website, stating that they do not use forced or child labor in their operations.

During the last reporting period, we implemented a due diligence process with a tool for collecting and validating information on our suppliers' policies and practices, as well as distributing a Supplier Code of Conduct to our top 200 product suppliers. We also reviewed our supply chain mapping and confirmed that our first-tier suppliers are concentrated mainly in Canada and the USA. Given their geographical location, we believe there is little risk of these first-tier suppliers using forced or child labor.

In fact, we have adopted a risk assessment procedure based on responses to the standardized "*Slavery & Trafficking Risk Template*" or "**STRT**" designed by the Social Responsibility Alliance ("**SRA**"). The STRT is a widely used and recognized questionnaire for collecting data to identify potential cases of forced labor and child labor in a supply chain. It enables us to assess risk in a more methodical and standardized way.

To date, we have sent the questionnaire to these top 200 first-tier suppliers and received almost 50% of responses, but this represents 84% of our purchases. We have also sent the Code of Conduct to these same first-tier suppliers and have received almost 52% of responses (or 85% of our purchases). We will continue to follow up to increase response rates and/or the necessary validations.

Based on analysis to date, these data are encouraging, demonstrating low risk for the Novexco Group.

Finally, since January 2024, as part of our Procurement Administrative Procedures, we have included a provision requiring suppliers to ensure that they do not use forced or child labor. Over the next reporting period, we will be including a similar clause in our contracts with suppliers. This clause will also refer to our new Supplier Code of Conduct.

6. Measures taken to remedy any use of forced or child labor

During the Reporting Period, we did not identify any cases of forced or child labor in our operations or supply chains, and consequently took no action to remedy any such cases.

7. Measures taken to remedy the loss of income for the most vulnerable families caused by any measures to eliminate the use of forced or child labour in the course of business.

We have not identified any cases of forced or child labor in our operations or supply chains during the Reporting Period. Consequently, we have not had to consider taking, nor have we taken, any measures to remedy such cases.

8. Training

Novexco Group employees regularly receive customized training on topics relating to ethics and our internal policies. All new office employees receive documentation and an information session on the Code of Ethics, Business Conduct and Civic Responsibility. This Code must be read by all employees on an annual basis.

The Novexco Group constantly monitors legislation to keep abreast of the latest developments that could have an impact on its activities. Discussions took place among members of management during the Reporting Period concerning certain initiatives to be put in place, notably measures to inform and raise awareness throughout the organization regarding the prohibition of forced and child labor in our supply chains. To this end, our managers responsible for identifying and selecting our suppliers have been specific training in this area.

9. Efficiency assessment

Based on the steps we have taken and the tools we have implemented, notably with the due diligence process, we consider that we have made a satisfactory assessment of the risk, given our business context, our internal resources, the scope of our products and their geographical origin. In the future, we will pursue our actions to prevent and reduce the risks of forced and child labor in our operations and supply chain.

10. Approval and certification

This annual report has been approved by the Board of Directors of Novexco Inc, in accordance with paragraph 11(4)(b)(ii) of the Act on May 31, 2025.

In accordance with the requirements of the Act, and in particular section 11 thereof, we certify that we have examined the information contained in the Report for each of the reporting entities listed above. To the best of our knowledge, and having exercised 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 Act, for the reporting year referred to above.

For greater clarity, we give the above attestation as a director and executive of both reporting entities and not on our own behalf.

Dated the 31st day of May 2025

Novexco inc.

By:

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

Nicolas Gaudreau, Director and Chairman of the Corporate Governance and Human Resources Committee, I have the power to bind Novexco inc.

Novexco inc.

By:

A handwritten signature in black ink, appearing to be 'D. Mathieu', is written over a light gray rectangular background.

Denis Mathieu, President and CEO, I have the power to bind Novexco inc.