

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

### **1. Introduction**

At Mercier Wood Flooring, we take measures to identify and mitigate risks related to forced labor and child labor by leveraging our current due diligence practices in supply chains. Promoting social equity is important to our company, and we are committed to doing so both in Canada and abroad. We recognize our responsibility to respect and protect the rights of all individuals who support and interact with our business, including colleagues and employees in our facilities, as well as workers, including migrant and temporary workers, in our supply chain network. Our customers trust that the products we manufacture come from suppliers who provide safe, ethical, and fair working conditions to their employees.

Mercier Wood Flooring's commitment to preventing and reducing the risk of forced labor and child labor applies to our factories, business partners, and global supply chain network. We expect our business partners and suppliers to uphold these same principles in their operations and comply with applicable human rights and labor standards laws.

This report is the first prepared by Mercier Wood Flooring in accordance with the new law. We will publish the report annually to update on our ongoing progress in protecting human rights and reducing the risk of forced or child labor in our operations and supply chain.

### **2. Measures Taken to Prevent and Reduce the Risk of Forced Labor or Child Labor**

Mercier Wood Flooring has taken the following measures to prevent and reduce the risk of forced labor or child labor at any stage of our supply chain in Canada, the United States, and globally.

#### **Governance and Training**

1. The employee manual and our policies are available to all our employees.
2. Specific training on the Supplier Code of Conduct will be provided to certain employees whose roles may require them to interact with Mercier Wood Flooring suppliers.

#### **Supply Chain Audits and Human Rights Assessments**

Suppliers in the supply chain outside Canada and the United States have received the "Supplier Code of Conduct."

#### **Monitoring and Surveillance**

We require a response from our suppliers within 30 days of sending the document to ensure compliance with the law.

### **3. Structure, Activities, and Supply Chains of Mercier Wood Flooring**

#### **Structure**

Founded in 1980 after perfecting the distinctive finish that sets us apart, our efforts have focused on the efficiency of our manufacturing processes from procurement to finishing. We have been a vertically integrated company for over twenty years, and our Drummondville plant in Quebec produces the wood used in our products. These facilities handle sawing, drying, and transforming wood into raw planks. Carefully manufactured, the hardwood and engineered wood planks are then sent to our factory and headquarters in Montmagny, near Quebec City, where all finishing and quality control operations are carried out, from applying the finish to delivering the final product. Mercier Wood Flooring employs over 225 people and has been in business for three generations. With our high-performance finishes, our products are suitable for residential and commercial applications.

#### **Activities**

Mercier Wood Flooring's mission is to manufacture and market innovative, socially responsible, and timeless aesthetic prefinished wood floors that make people proud of their living spaces.

#### **Policies and Protections**

Mercier Wood Flooring recognizes the fundamental importance of human dignity and equality. We believe that economic growth and social progress go hand in hand, and therefore, we strive to provide a safe working environment. We are committed to protecting human rights in our operations and business relationships.

In addition to the principles outlined above, our human rights policy specifically prohibits the use of any form of forced labor, including prison labor, bonded labor, servitude, military labor, modern forms of slavery, and any form of human trafficking. It is also strictly forbidden to employ individuals who have not reached the minimum age permitted by local legislation.

#### **Supply Chain**

Our raw material sourcing, primarily logs, is mainly done in the United States. We consider these suppliers to be low-risk regarding forced labor and child labor. The method used to control and assess this risk includes regular physical visits to these suppliers.

Our sourcing of raw materials other than logs, such as plywood and certain processed wood floors, comes from several countries. We ask these suppliers to sign a conduct code declaration, and we have conducted visits to the facilities of many of these suppliers during the selection process. We assess the risk of forced labor and child labor by these suppliers as low.

We prioritize local suppliers for all other supplies. We assess the risk of forced labor and child labor by these suppliers as low because the legislation in the province of Quebec and in Canada in this area is clear and enforced.

#### **4. Company Policies and Due Diligence Processes Regarding Forced Labor and Child Labor**

Through its official policies, codes of conduct for colleagues and suppliers, and governance framework, Mercier Wood Flooring strives to respect the rights of customers, colleagues, employees, and the numerous workers, including migrant and temporary workers, in the supply chain. Mercier Wood Flooring's commitment to protecting human rights is based on a strong conviction to do what is right. Mercier Wood Flooring is also committed to creating a safe and inclusive experience for all its employees and workers across our value chain and for the many customers who choose our products.

Mercier Wood Flooring's approach to human rights addresses the risk of modern slavery and is supported by its Employee Manual and Supplier Code of Conduct. These two governance documents recognize Mercier Wood Flooring's responsibility and duty to respect and protect the human rights of its colleagues and employees, as well as the many workers, including migrant and temporary workers, who are part of its supply chain. We are currently working on implementing a code of conduct for our employees and a code of conduct for our customers.

##### **Mercier Wood Flooring Staff Code of Conduct**

The Mercier Wood Flooring Employee Manual reflects our values such as rigor, respect, teamwork, leadership, and customer satisfaction. Employees are encouraged to consider human rights when working in our factories, conducting business activities, and making ethical decisions.

Our Employee Manual applies to all personnel, management, and administration of Mercier Wood Flooring. The Employee Manual does not directly address child labor and forced labor issues but confirms Mercier Wood Flooring's commitment to ensuring that everyone working on behalf of Mercier Wood Flooring adheres to the highest ethical standards. It details the behavioral standards that all personnel must adhere to. Our key leaders are responsible for fostering a culture that represents the standards and goals set out in the Employee Manual. Leaders must also create and maintain a workplace where staff members feel comfortable raising ethical issues or concerns. Specifically, the policies address issues such as conflicts of interest, protection and proper use of company assets and business opportunities, confidentiality of company information, compliance with laws, and reporting any unlawful or unethical behavior. Our staff members are required to report in good faith any alleged or confirmed violation according to the Employee Manual.

## **Supplier Code of Conduct and Contractual Obligations**

Relationships with Mercier Wood Flooring suppliers are guided by the Supplier Code of Conduct.

By accepting standard terms or other contractual agreements with Mercier Wood Flooring, suppliers and related parties accept the terms of the Supplier Code of Conduct and confirm compliance with its requirements. The Mercier Wood Flooring Supplier Code of Conduct outlines the minimum expectations and guidelines for suppliers and obligates them to comply with applicable laws, including regulations related to forced labor and child labor. It emphasizes the rights and protections of workers, with a particular focus on the prohibition of child labor, forced labor, and trafficking of workers, as well as any form of discrimination, intimidation, abuse, harassment, or violence against these workers. Additionally, the Mercier Wood Flooring Supplier Code of Conduct demands respect for human rights, health and safety, environmental protection, confidentiality and data protection, trade regulation, anti-bribery and corruption, conflicts of interest, and competition.

The Mercier Wood Flooring Supplier Code of Conduct is managed by our executive team, reviewed annually, and updated as needed.

## **Enterprise Risk Management**

Our proactive assessments allow us to study, evaluate, and mitigate potential human rights issues. Mercier Wood Flooring is committed to combating the use of forced labor and child labor. We conduct due diligence assessments throughout the supply chain.

## **5. Risk of Forced Labor or Child Labor and Measures Taken to Assess and Manage This Risk**

At Mercier Wood Flooring, we recognize that our global supply chain presents some risk of forced labor and child labor. The measures below describe the steps taken to assess and manage these risks.

### **Supply Chain Compliance**

The Mercier Wood Flooring audit program reinforces workers' rights and safety by evaluating and confirming, among other things, that:

- Work is voluntary
- Workers are properly compensated
- Workers are not exploited
- Facilities comply with applicable employment standards (including minimum age)
- Working hours comply with local laws and standards
- Facilities adhere to health and safety laws and regulations

Given the low risk from our Canadian and American suppliers, Mercier Wood Flooring has nonetheless decided to send the Supplier Code of Conduct and follow up on its signing. However, the Supplier Code of Conduct must be signed by all other suppliers from other countries. If an audit reveals a compliance issue, such as child labor, forced or bonded labor, or life-threatening health and safety conditions, Mercier Wood Flooring will suspend its relationship with that facility (or supplier). Mercier Wood Flooring will work with suppliers to determine if a satisfactory correction of the compliance issue is possible and will terminate relationships with suppliers who are unable or unwilling to remedy the non-compliance.

## **6. Remediation of Any Forced Labor or Child Labor**

As part of our Supplier Code of Conduct, suppliers are required to monitor their activities for compliance with the terms of the Supplier Code of Conduct. Suppliers must share this Code with all related parties, such as contractors, agents, subcontractors, and sub-agents, who are engaged to help provide goods or services to Mercier Wood Flooring. Additionally, suppliers are required to monitor related parties for compliance with the conditions of the Supplier Code of Conduct and to immediately report any known violations. If a supplier does not comply with the Supplier Code of Conduct, Mercier Wood Flooring reserves the right to require corrective measures. If a supplier fails to implement a corrective measure or does not comply with the Supplier Code of Conduct, Mercier Wood Flooring may, at its sole discretion and without further obligation to the suppliers, suspend or terminate, in whole or in part, its relationship with the supplier. Serious or repeated violations may result in the permanent blacklisting of the factories or suppliers in question.

## **7. Remediation of Income Losses to Vulnerable Families Resulting from Measures Taken to Eliminate the Use of Forced Labor or Child Labor in Its Activities and Supply Chains**

To date, no income loss for vulnerable families has been reported, caused by measures taken to eliminate the use of forced labor or child labor in our activities and supply chains.

## **8. Training Offered to Employees on Forced Labor and Child Labor**

The Employee Manual, which is updated annually, is made available to all employees. The Supplier Code of Conduct will be updated annually. These two tools are integral to our compliance program under the Fighting Against Forced Labour and Child Labour in Supply Chains Act.

## 9. Effectiveness Assessments to Ensure that Forced Labor and Child Labor Are Not Used in Our Activities and Supply Chains

As indicated in this document, Mercier Wood Flooring has implemented a number of measures to prevent and reduce these risks. To date, however, no measures have been taken to evaluate the effectiveness of its approach.

## 10. Approval and Certification

The Mercier Wood Flooring Board of Directors has approved this report in accordance with subparagraph 11(4)(b)(i) of the Act.

In accordance with the requirements of the Act, and in particular section 11 thereof, I certify that I have reviewed the information contained in the report for the entity or entities listed above. To the best of my knowledge and after exercising due diligence, I certify 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 indicated above.



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Sébastien Mercier  
V-P Operations



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Jean-Philippe Dumas  
V-P Sales & Marketing