

## **2023 GROUPE LAVERGNE ANNUAL REPORT PRESENTED IN ACCORDANCE WITH THE FIGHTING AGAINST FORCED LABOUR AND CHILD LABOUR IN SUPPLY CHAINS ACT, S.C. 2023, C.9**

This report is produced by **Groupe Lavergne inc.**, a corporation created in accordance with the Canada Business Corporations Act, R.S.C., 1985, c. C-44 and with its principal place of business at 8800, 1er Croissant, Montréal (Québec), H1J 1C8 (hereafter “Groupe” or the “Corporation” or “our” or “we”) for the financial year ending December 31, 2023 (the “Reporting Period”).

It presents the measures taken to prevent and reduce the risk of forced labour or child labour at any step of the production of goods, in Canada or elsewhere, or of goods imported into Canada by the Corporation.

It is the first report prepared by the Corporation pursuant to Canada’s new Fighting Against Forced Labour and Child Labour in Supply Chains Act (the “Act”).

### **MEASURES TAKEN TO PREVENT AND REDUCE THE RISKS OF FORCED LABOUR AND CHILD LABOUR**

Groupe and its employees consider the respect of human rights to be a vital corporate responsibility – i.e. defending and protecting those fundamental rights is a value that guides and governs all of their activities – alongside its fundamental commitment with respect to the environment.

We put the highest importance on respecting human rights and diversity wherever we do business. We demand the very same of our business partners, with it being understood that there is a learning curve to grasp and manage with some of them.

Groupe is not a signatory to the United Nations Global Compact (the “Compact”), but is supportive of the Compact’s provisions.

Generally speaking, we feel that we are more exposed than the average business because our activities related to recycling electronic components, plastic and metal lead us to seek recyclable waste supply sources around the world, including in emerging or developing countries. In 2023, we initiated more structured and efficient measures to prevent and reduce the risk of forced labour or child labour within Groupe, but particularly in our supply chains.

In the past, our approach was intuitive in nature and was based on the experience and flair of Groupe’s founder, Jean-Luc Lavergne, as well as Groupe’s supply chain managers, including the involvement of their contact networks to identify possible problem suppliers and/or delinquents.

The following measures, put forward in 2023 and 2024, will increase the strength and effectiveness of Groupe’s filters in countering forced labour or child labour:

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- We mandated Groupe's Purchasing Department to review the list of Groupe's current suppliers – particularly the intermediaries proposing lots of recyclable material from abroad – and to identify the elements and/or behaviours considered to be a risk. A *Supplier Code of Accreditation* will eventually be put in place in the medium-term if real problems are specifically identified during the aforementioned review;
- As part of developing the *Supplier Code of Accreditation* – if necessary – Groupe will carry out an internal study to identify the incidents of forced labour or child labour that may have occurred within its supply chains over the years, **particularly outside Canada**, in order to establish a more systematic process of due diligence with respect to its suppliers;
- Subject to the results of earlier diplomatic and constructive canvassing, Groupe wishes to subject five (5) to eight (8) selected suppliers to the new formal due diligence process with respect to suppliers, which encompasses the risks related to modern slavery, for the purpose of testing the process and improving it if necessary;
- In addition to these actions targeting certain suppliers, a broader approach of email surveys will be initiated on a permanent basis with all of Groupe's suppliers, at a rate that will make it possible to have the data at the appropriate time – i.e. annually or biannually;
- Finally, in order to link international public law commitments with private contractual law linking Groupe to each of its suppliers, a specific clause prohibiting forced labour or child labour will be added onto the standard matrix of Groupe's terms and conditions appearing on its legal and financial documents, including the prescribed *Purchase Order* form.

Other measures may be adopted over the course of 2024, with it being understood that Groupe considers itself to be at the start of the process of fully controlling this element of its business model and aspiring to the recognition of the members of its ecosystem.

The exercise is particularly relevant given that Groupe has suppliers from a multitude of countries and regions around the world. It's important to know that Groupe uses chemistry and innovation to develop exclusive technology in order to recycle polymers into superior quality renewed thermoplastic resins. Groupe manufactures over 50 technical resins and alloys to provide the structural, wear resistant, flame retardant and colour properties to meet the demands of its clients and of their consumers.

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A global leader in the advancement of engineered thermoplastics, Groupe's focus is to design, develop and manufacture high-value sustainable resins – alloys and composites – using 100% post-consumer recycled (PCR) plastics of base polymers rPET, rABS, rHIPS and rPC .

Groupe offers advice to its global clients thanks to over 75 years of combined technical expertise and experience in polymer chemistry. Groupe integrates chemistry with innovation; adapting our products and our environmental solutions to ensure sustainability does not come at the expense of performance, quality or outstanding customer service, nor by disregarding a sacred duty to protect human beings from forced labour and child labour.

Given the foregoing, Groupe strives to create a culture that focuses on diversity and inclusion wherever it carries out its activities.

Groupe's products are mainly assembled and manufactured in its plant in Ville d'Anjou in Quebec, using electronic or industrial waste from around the world.

### **POLICIES, GOVERNANCE AND DUE DILIGENCE PROCESSES**

Groupe is committed to integrating human rights and child rights considerations into its policies with respect to its suppliers, partners, employees and shareholders, as well as into its governance framework and its decision-making process.

Groupe regularly assesses the inherent risks to sustainable development that shape its operating environment. As a result, Groupe develops and implements strategies to improve its performance in the various areas of sustainable development.

Groupe's Board of Directors has delegated a committee specially created for that purpose to oversee the morality, the ethics and the legal conformity of the actions of Groupe's suppliers, that committee being best placed to make an overall assessment of a situation and to understand the options at its disposal, acting in concert with Groupe's principal shareholder – i.e. identifying the applicable labour regulation and more specifically the tools fostering the elimination of all forms of forced labour and the abolition of child labour.

The committee in charge of monitoring the ethics of Groupe's suppliers will be made up of Groupe's Head of Procurement, HR Advisor and Groupe's Chief Financial Officer.

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**HUMAN RIGHTS STATEMENT AND THE PROHIBITION OF CHILD LABOUR  
OUTSIDE QUEBEC AND CANADA'S LEGISLATIVE FRAMEWORK**

Groupe reiterates its firm position of not using child or forced labour. To support that commitment, we expect all employees, regardless of their level, and our business partners, to act accordingly.

Groupe's *Supplier Code of Accreditation*, which could be put in place as early as 2024, will include specific provisions prohibiting child labour and forced labour. More specifically, the *Supplier Code of Accreditation* will stipulate:

"Groupe does not practice and does not support child labour at any level of its supply chain, including collecting electronic or industrial waste in the field. For the purposes of this *Supplier Code of Accreditation*, child labour encompasses any type of work carried out by an employee under the age of 15, unless that work forms the basis of educational or vocational training, or any other type of training program. However, for employment or work that, given its nature or circumstances, is not suitable for a person under the age of 18, child labour shall mean employees under the age of 18".

Moreover, the *Supplier Code of Accreditation* will stipulate the complete prohibition of forced labour:

"Groupe does not practice any form of human trafficking, does not use any forced labour or modern slavery, and does not tolerate those practices at any level of its supply chain. No Supplier may demand that anyone, under threat of a penalty, carry out a task or provide a service. For example, Suppliers' employees, regardless of their employment status, must be free to leave work or terminate their employment with reasonable notice, and they are not required, in order to be able to work, to hand over their government-issued identification, their passport or their work permit".

**PROMOTING THIRD-PARTY DUE DILIGENCE**

Groupe wishes to continue, while improving its operational efficiency, to strengthen its processes in order to reduce the risks of forced labour and using child labour. Guided by its intuitive approach of third-party due diligence, its supply chain managers already apply a risk assessment procedure before getting involved with new suppliers and they conduct reviews based on their operational risk framework.

As mentioned earlier, Groupe wishes to adopt measures to strengthen the current third-party due diligence process to support the supply chain, by enriching it with a global risk-based approach, which should improve Groupe's ability to identify and mitigate the risks associated with said supply chain. The risks related to modern

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slavery will be included in this process and, in 2024, we will put certain suppliers through the process in order to test it and improve it when necessary.

**COMMITMENT WITH RESPECT TO REPORTING FORCED LABOUR OR  
CHILD LABOUR AND PROTECTION AGAINST RETALIATION**

In accordance with the position taken and the philosophy expressed by Groupe's management and the members of its Board of Directors, should employees or suppliers have concerns about forced labour or child labour, they have a responsibility to share their suspicions. To that end, Groupe already provides them, or will provide them in the near future, with several channels to report any possible breaches, on a confidential basis or not, for example:

- Confidential and protected reporting to colleagues, including supervisors, Human Resources representatives, Legal Services representatives, Internal Audit representatives or to the next level of management;
- Confidential reporting within the framework of an accepted and encouraged whistleblowing process, for both employees and suppliers.

**ASSESSING AND MANAGING RISKS BY GROUPE**

Groupe adopts a risk-based approach to assess and manage the risk of forced labour and child labour. This approach helps us prioritize our efforts and adjust our actions. Our methodology for identifying risks in our supply chain through our third-party due diligence process combines country risk indicators, the supplier's category and the type of product or service being offered by the supplier. The resulting risk score sets the level of additional due diligence to carry out, notably with respect to forced labour and child labour, as well as the scope of ongoing monitoring and the frequency of reviews needed.

Our methodology for identifying risks is notably based on:

- 1) the fact that the supplier has their head office or their electronic or industrial waste collection sites in countries that have mediocre scores on the corruption perception index or that are at risk based on the global slavery index according to the products that they supply to Groupe;
- 2) the fact that the products or services come from or are delivered to one of the countries mentioned above;
- 3) the fact that Groupe is supplied with certain indirect goods and services, out of its sight and/or control, particularly with a view to cascading supply chains; and

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4) the fact that the products offered by the supplier to Groupe include waste or raw materials.

Groupe is also targeting the implementation of a complete monitoring solution that will detect world events that could create repercussions on its supply chain in Canada, in Belgium or in Vietnam. This real-time solution will allow Groupe to increase the visibility of its supply chain, to monitor activity around the world that could disrupt or impact its activities, and to manage risks in a more proactive way. Among other things, the system monitors natural disasters, labour disruptions, cyberattacks, as well as financial and geopolitical risks.

### **CORRECTIVE MEASURES**

The measures and mechanisms already in place, being implemented and/or the future *Supplier Code of Accreditation* provide and/or will provide our employees and our suppliers with a complete mechanism for reporting violations of an ethical or legal nature, among other concerns. In accordance with the principles of the Compact and our policies, if a situation of non-compliance is identified, Groupe will develop and implement a corrective plan to remedy the situation.

### **TRAINING**

Groupe's employees receive customized training on a regular basis and/or when needed on ethical topics and Groupe's policies, but that is embryonic with regard to forced labour or child labour.

In 2024, Groupe intends to provide certain groups of employees with training that will notably deal with child labour and forced labour.

### **ASSESSING EFFECTIVENESS**

Groupe has implemented a certain number of measures aimed at preventing and reducing the risk that forced labour or child labour is used during the course of its activities and in its supply chains. We have not yet taken any measures to assess the effectiveness of those actions, but Groupe intends to later assess its effectiveness with respect to preventing and reducing the risks of forced labour and child labour within the framework of its activities and its supply chains.

### **APPROVAL AND ATTESTATION**

This Report has been approved by Groupe's Board of Directors, pursuant to subparagraph 11(4) (a) of the Act.

In accordance with the requirements of the Act, and in particular Section 11 thereof, I, the undersigned, attest that I have reviewed the information contained in this

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Report for the entity listed above. To my knowledge, and after having exercised due diligence, I confirm that the information contained in this Report is true, accurate and complete in all material aspects for the purposes of enforcing the Act, for the reporting year listed above.

I have the authority to bind **Groupe Lavergne inc.**



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Per: Jean-Luc Lavergne,  
President and Chief Executive Officer