



MODERN SLAVERY REPORT 2023

Introduction

This joint report is prepared in accordance with paragraph 11(2)(b) of the Fighting Against Forced Labour and Child Labour in Supply Chains, S.C. 2023, c. 9 (the "Act") and has been prepared on behalf of Cabico & co ("Cabico") for the financial year ended December 30, 2023 (the "Reporting Period"). Cabico & co includes the following entities: Groupe Cabico Inc. and The Elmwood Group Limited. It outlines the measures taken to prevent and reduce the risk of forced labour or child labour at all stages of the production of goods, in Canada, or the importation of goods into Canada by the Company.

This is the first report prepared by Cabico in accordance with the Act.

Measures taken to prevent and mitigate the risk of forced or child labour at any stage of the production of goods by Cabico, in Canada or elsewhere, or their importation into Canada.

We consider respect for human rights as a fundamental corporate responsibility and a value that governs all our activities. We place the highest importance on respecting human rights wherever we operate. We demand the same from our business partners.

In general, we have taken the following measures during the Reporting Period to prevent and reduce the risk of forced or child labour in our business and supply chains:

- We conducted a mapping exercise related to an initial internal risk assessment of forced or child labour in our supply chains to improve our due diligence process with our suppliers.
- We decided to increase our supplier qualification activities over the coming months and fiscal years to minimize the risks associated with modern slavery, using external services to evaluate sustainability and performance management in the key areas of labour and human rights.
- We decided to gradually implement various policies and processes related to improving awareness of the obligations required under the Act, which will allow us to enhance and test these processes for improvement.
- We are not subject to reporting requirements under a supply chain law in another jurisdiction.

Structure, activities, and supply chains of Cabico

Groupe Cabico Inc. is incorporated under the Canada Business Corporations Act. The Elmwood Group Limited is incorporated under the Ontario Business Corporations Act. These two companies are part of Cabico & co (Cabico) as defined above. Cabico, headquartered in Estrie, designs, develops, manufactures, and markets custom kitchen cabinets under three brands: Elmwood, Essence, and Unique. Manufacturing operations take place in Estrie, Quebec, and the Niagara region, Ontario. All our sales are made in North America through a network of dealers serving the end homeowners where our cabinets are installed.

Cabico is a company with 675 employees across 3 Canadian provinces. We strive to create a culture focused on diversity and inclusion wherever we operate.

Cabico's products are manufactured at its production sites in Canada (Coaticook and St. Catharines). Cabico's supply chain primarily consists of suppliers of raw materials, hardware, and accessories used in the manufacture of our cabinets. Most of these materials come from suppliers with whom Cabico has long-term contracts. Cabico seeks to establish long-term relationships with major direct and indirect suppliers for the delivery of materials and supplies. Cabico currently deals with approximately a thousand product and service suppliers, the vast majority of whom are in North America. The geographic distribution of our spending with our suppliers is as follows:

- Canada: 92.1%
- United States: 6.1%
- Asia: 1.8%

Policies and due diligence processes

We have initiated a policy drafting exercise that will confirm and frame our purchasing practices with our suppliers based on compliance with various legal and societal obligations in addition to our own values. These new policies will be deployed during the 2024 fiscal year. Management's involvement in applying and managing supplier relationships has always ensured a very high level of ethics and transparency in relations with our suppliers.

Thus, we plan to complete the following in 2024:

- A code of ethics to be communicated to all Cabico stakeholders, including our employees, partners, and suppliers.
- A supplier code of conduct that will contain specific provisions prohibiting child labour and forced labour.

Assessing and managing our risks

Cabico adopts a risk-based approach to assess and manage the risk of forced and child labour. This approach helps us prioritize our efforts and adjust our actions. Our risk identification methodology in our supply chain through our third-party due diligence process combines country risk indicators, supplier category, and the type of product or service offered by the supplier. The resulting risk assessment determines the level of additional due diligence to be implemented, particularly regarding forced and child labour, as well as the extent of ongoing monitoring and the frequency of required reviews.

Our risk identification methodology is based on 1) whether the supplier is headquartered or has manufacturing sites in countries with poor scores on the Corruption Perceptions Index or is at risk according to the Global Slavery Index based on the products they supply to Cabico, 2) whether the products or services come from or are delivered to one of the aforementioned countries, 3) whether

Cabico is supplied with certain indirect goods and services, and 4) whether the products offered by the supplier to Cabico include raw materials.

Corrective measures

At this stage, no specific case of forced or child labour has been identified by Cabico, and therefore no corrective measures to address forced or child labour have been undertaken, nor to remedy the loss of income of the most vulnerable families caused by a measure aimed at eliminating the use of forced or child labour.

Our future policies will allow our employees and suppliers to have a mechanism for reporting ethical or legal violations, among other concerns. Our supplier code of conduct will also include information on an "Ethics Line" through which suppliers can raise their concerns. In accordance with the principles of the United Nations Global Compact and our policies, if a non-compliance situation is identified, Cabico will ensure to develop and implement a corrective plan to improve and rectify the situation.

Training

Cabico employees directly involved with procurement processes will receive customized training on topics related to ethics, our policies, and the new law on child and forced labour. We will add a component to our new employee onboarding process that will cover our code of ethics and its implications for compliance with the Child and Forced Labour Act.

Effectiveness evaluation

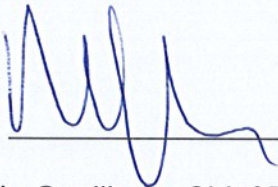
Cabico has implemented a number of measures to prevent and reduce the risk of using forced or child labour in its operations and supply chains. We have not yet taken steps to evaluate the effectiveness of these actions, but Cabico intends to

subsequently evaluate its effectiveness in preventing and reducing the risks of forced and child labour in its operations and supply chains.

Approval and certification

This report has been approved by the respective boards of directors of Groupe Cabico Inc. and The Elmwood Group Limited, in accordance with paragraph 11(4)(b)(ii) of the Act. In accordance with the requirements of the Act, and particularly its section 11, I, the undersigned, certify that I have reviewed the information contained in this joint report for the entities mentioned above. To the best of my knowledge, and after exercising due diligence, I confirm that the information contained in this report is true, accurate, and complete in all material respects for the purposes of the Act, for the Reporting Period.

I have the authority to bind Cabico

By:  _____

Alain Ouzilleau, Chief Executive Officer



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