



Formations Inc

Report on Forced and Child Labour in Supply Chains and Modern Slavery Statement

1. INTRODUCTION

Slavery and human trafficking are pervasive and critical global issues. Formations Inc. (the “Company”) recognizes the respect for human rights as a core corporate responsibility and maintains a zero-tolerance policy toward forced labour and child labour within our organization and supply chain. We are committed to implementing proactive measures to prevent and mitigate the risks of forced labour, child labour, and all other forms of modern slavery within our operations and those of our suppliers.

Formations Inc. fully supports the core principles outlined in the United Nations Universal Declaration of Human Rights and the United Nations Guiding Principles on Business and Human Rights. As part of our corporate responsibility, we ensure that no child or forced labour is knowingly involved in our operations or supply chains. Furthermore, we strictly reject products and services from any suppliers found to engage in such practices.

This report is prepared pursuant to *Canada’s Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “Act”). It details our current practices and the steps Formations Inc. has taken during its fiscal year ending September 30, 2024 aimed at preventing and mitigating the risks of forced labour and child labour within its operations and supply chains.

2. STRUCTURE, ACTIVITIES AND SUPPLY CHAINS

Formations Inc. is a corporation headquartered in Edmonton, Alberta. It employs approximately 120 people (fluctuating seasonally) across its head office, five distribution facilities (Langley, Calgary, Saskatoon, Regina, Winnipeg), and two manufacturing facilities (Langley, Edmonton). Formations Inc.'s organizational structure includes key departments such as Supply Chain, Operations, and Human Resources which are involved in aspects of supply chain management and ethical conduct. The Company does not currently control any other subsidiary entities engaged in producing or importing goods subject to the Act's reporting requirements.

Formations Inc. is a dynamic manufacturer of value-added cabinet doors and a premier wholesale distributor of interior building materials, operating since 1991. The Company serves commercial and residential manufacturing sectors of Canada’s woodworking industry across Western Canada (British Columbia to Manitoba). Key activities include manufacturing, sales, and distribution of wood products,

including high pressure laminates, polymers, acrylics, architectural plywood, wood veneer, and hardwood lumber. Formations Inc. is responsible for all shipments into Canada related to its brands and manages all inbound shipments and factory relationships.

As the importer of record for shipments into Canada, Formations Inc. sources materials and products globally, including Canada, USA, China and Belgium. Our direct (Tier 1) suppliers primarily consist of manufacturers and distributors of raw input materials for use in our manufacturing operations, as well as finished goods and materials. We recognize that supply chains can be complex and that potential risks may exist further upstream, particularly concerning raw materials or components sourced by our direct suppliers of finished goods.

Formations Inc. actively collaborates with a variety of industry organizations and programs, enabling us to contribute meaningfully to our industry while maintaining a supply chain built on the highest standards of integrity. Below is a list of some of the relevant organizations we are part of:

- Forest Stewardship Council (FSC)
- North American Building Material Distribution Association (NBMDA)
- Canadian Kitchen Cabinet Association (CKCA)

3. POLICIES AND DUE DILIGENCE PROCESSES

Formations Inc. maintains long-standing commitments to ethical and sustainable practices. Key existing policies and processes relevant to forced and child labour include:

- Our corporate Code of Conduct, which outlines expectations for ethical behaviour for all employees.
- Hours of Work Policy
- Talent Acquisition Policy
- Respect in the Workplace & Violence in the Workplace Policy
- Our zero-tolerance policy towards forced labour and child labour within our organization and supply chain.
- Forest Stewardship Council® (FSC® C189233) certification. Adherence involves annual third-party audits assessing compliance with FSC Core Labour Requirements, which explicitly cover the abolition of child labour, elimination of forced labour, non-discrimination, and freedom of association/collective bargaining. These audits provide a level of verification for certified supply chains.

During the reporting year, Formations Inc. began a process to update its Code of Ethics and Business Conduct to more explicitly integrate forced and child labour considerations and refine governance practices. We encourage stakeholders (i.e., employees, directors, officers, shareholders, and other stakeholders) to raise concerns regarding potential violations of law or policy. A comprehensive due diligence framework specifically designed for identifying risks of forced or child labour was under

development during the reporting period. Steps initiated this year, such as the supplier review and questionnaire development, are foundational to building this enhanced framework.

4. RISKS OF FORCED LABOUR AND CHILD LABOUR

Formations Inc. sources goods primarily from Canada, the USA, and Europe, regions generally considered to have lower risks of forced or child labour in manufacturing. However, we recognize potential risks exist, particularly further upstream in our supply chain in the sourcing of raw materials by our direct suppliers from regions with higher prevalence of labour rights concerns.

As part of our commitment to identifying and managing risks, Formations Inc. initiated several actions during the reporting year:

- During the reporting year, we initiated a comprehensive review of our suppliers, which included compiling an updated contact list for those suppliers from whom we have procured products in the past two years.
- We began developing a supplier questionnaire focused on forced and child labour risks. This tool, intended for future deployment, aims to gather specific information on supplier policies, due diligence, and risk mitigation efforts.
- We continued existing supplier engagement practices, including discussions during regular business interactions, trade show meetings, and site visits where feasible, which provided opportunities to reinforce our ethical expectations.

5. REMEDIATION MEASURES

Formations Inc. did not implement remediation measures during the 2024 financial year as we did not identify specific instances of forced labour or child labour in our supply chains. Furthermore, no measures to remediate the loss of income to vulnerable families were required or taken during the reporting period, as the Company's actions to prevent and reduce risks did not result in such an impact.

6. TRAINING

During the fiscal year ending September 30, 2024, Formations Inc. did not provide employee training specifically focused on human rights and modern slavery issues. However, we are committed to conducting our business relationships ethically and responsibly, in alignment with our core values of communication, respect, teamwork, innovation, and accountability. We will continue to evaluate and improve our human rights training practices moving forward. As part of this commitment, we have recently implemented a process requiring all employees to formally acknowledge key policies that reflect international human rights principles, including our Code of Conduct, Respect in the Workplace Policy, Violence in the Workplace Policy, Hours of Work Policy, and Talent Acquisition Policy.

7. ASSESSING EFFECTIVENESS

During the reporting period, Formations Inc. relied on existing mechanisms to assess effectiveness, including the Company's annual FSC Audit, which includes the review and acknowledgment of the Forced Labour Policy.

The Company recognizes the value of formalized processes and specific key performance indicators (KPIs) to systematically track the effectiveness of its efforts in preventing forced and child labour risks across all activities and supply chains. Developing these assessment methods is a priority for the upcoming fiscal year.

As part of this effort, the Company will leverage its UKG Human Resources Information System (HRIS) and integrated Learning Management System (LMS) to assign, track, and report on employee completion of mandatory training related to human rights, ethical conduct, and modern slavery. Utilizing UKG will enhance our ability to monitor compliance, identify knowledge gaps, and ensure that training efforts translate into practical awareness and responsible behaviour throughout the organization.

8. CONCLUSION

During the fiscal year ending September 30, 2024, Formations Inc. initiated foundational steps towards strengthening its framework for addressing forced and child labour risks. The Company is committed to building upon these initial actions and implementing measures to assess the effectiveness of our efforts in preventing and reducing the risks of forced labour and child labour in our activities and supply chains in subsequent reporting periods.

9. ATTESTATION

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Full Name:

Title: John McQuade

Date: 07.01.2025

Signature John McQuade

I have the authority to bind Formations Inc.