

Forced Labour and Child Labour in Supply Chains Report Fiscal Year 2023

1. ABOUT THIS REPORT

This report relates to the financial year ending June 30, 2023. It is published by Groupe Touchette Inc. (the “**Company**”) in compliance with Canada’s *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “**Act**”).

References in this report to “Groupe Touchette”, “Company”, “we”, “our” and similar terms are to Groupe Touchette Inc. and to those who work for it.

Groupe Touchette is committed to conducting its business in a manner that safeguards the health, safety, and human rights of its employees, customers, the public and other stakeholders, as well as the environment and the Company’s business integrity.

While we have not implemented measures to specifically prevent and reduce the risk that forced labour or child labour is used in our business and supply chain during our last financial year, we recently started reviewing our practices and policies in the context of the Act coming into force.

Our objective is to identify key actions to improve our practices on a continuous basis and ensure that the measures we implement are adapted to our reality.

2. ABOUT US & OUR SUPPLY CHAIN

Groupe Touchette is a leading Canadian-owned tire distributor with more than 40 years of experience. The Company specializes in value-added tire distribution services to manufacturers, dealers, and independent customers.

Headquartered in Montreal (Québec, Canada), Groupe Touchette operates more than 50 distribution centres, with over 1,500 employees, from St Johns, Nova Scotia, to Victoria, British Columbia. Our solid structure allows us to deliver our products efficiently throughout most Canadian largest cities.

2.1 Our Supply Chain

Groupe Touchette's end-to-end supply chain is comprised of suppliers based throughout the world that provide a wide range of products and services related to the development, manufacturing, marketing, and distribution of tires for most applications. Groupe Touchette strives to do business with reputable suppliers committed to our ethical standards and business practices. Groupe Touchette expects its suppliers to act in a manner compatible with standards that contribute to Groupe Touchette's outstanding reputation.

Our main suppliers, accounting for more than 70% of our purchases, are well established and reputed business partners with whom we have built a long-standing business relationship. Those suppliers are mainly (95%) located in North America, Europe and Japan, with supply chains extending into China, Cambodia, Argentina, Indonesia and Brazil.

Our main suppliers share our values and objectives in combating forced and child labour and, to further this collective effort, have put in place policies and procedures showing strong social engagement, including prohibition of human rights abuses and violations.

3. POLICIES AND DUE DILIGENCE PROCESSES

Although we have not yet implemented our own policies and processes regarding the prevention of forced and child labour in our activities and supply chains, Groupe Touchette is currently working on its plan to adopt such policies and procedures and intends to develop a code of conduct that will apply to all its suppliers. Once implemented, these policies and procedures will represent a milestone in our commitment to combat human rights abuses in our operations and supply chain.

In the interim, we continue to rely on the policies and procedures of our main suppliers that have adopted sustainability-related policies and/or due diligence processes addressing labour practices and employee well-being.

Groupe Touchette favours a work environment where employees can feel free to share ideas, ask questions and share concerns. To that end, Groupe Touchette has implemented an Employee Guide that emphasizes the well-being of its employees and their ability to develop themselves in the best possible environment. The Employee Guide provides our employees with a hotline allowing them to ask any questions and report any concerns, behaviour or incidents, to which our Governance service undertakes to respond within 24 hours.

Our Code of ethics will be updated to emphasize our zero-tolerance policy to forced labour and child labour.

4. RISK ASSESSMENT & REMEDIATION MEASURES

Many of our suppliers are substantive, well reputed companies with which Groupe Touchette has had regular and close dealings over a long period. While we have not yet started a formal process of identifying risks in our activities and supply chains, we believe that long-term relationships with suppliers can enhance performance along the supply chain and reduce risks.

In the near future, we intend to map our human rights risks throughout our business operations as well as our supply chain and assess the significance of those risks, in order to formulate an action plan based on the results.

While we acknowledge that potential forced labour or child labour risks exist in the supply chain of certain products we use (e.g.: rubber, alloys, steel, etc.), we seek to work with suppliers who share our commitment to respecting human rights. However, we do not supervise or control our suppliers and despite our intention to take increased actions to ensure our entire supply chain is free of any forced labour or child labour, there may nonetheless remain a risk of human rights abuse on products we source from third parties where we may not have complete visibility.

Given that Groupe Touchette has not yet identified any instances of forced labour and child labour in its activities and supply chains, no measures were taken to remediate such instances or to remediate the loss of income to the most vulnerable families that may result from measures taken to eliminate the use of forced labour and child labour.

5. ASSESSING THE EFFECTIVENESS OF OUR APPROACH

Recognizing the inherent complexity in assessing the effectiveness of our actions to reduce the risk that forced labour or child labour is used in our supply chain, we acknowledge the importance of evaluating and disclosing our progress in mitigating human rights risks.

We are currently developing formal policies and procedures to mitigate the risk of forced labour and child labour within our operations and supply chains, and we are committed to taking the necessary steps to assess their effectiveness in the near future.

6. APPROVAL AND ATTESTATION

This report was approved by the Board of Directors of Groupe Touchette Inc. on May 6, 2024 pursuant to subparagraph 11 (4)(a) of the Act and constitutes Groupe Touchette's report for the financial year ending June 30, 2023.

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 Groupe Touchette Inc. 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 indicated above.

I have the authority to bind Groupe Touchette Inc.

(s) Nicolas Touchette

Full name: Nicolas Touchette

Title: CEO

Date: 10 mai 2024