



Home Hardware Stores Limited 2025 Modern Slavery Report



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Introduction

This report (“**Report**”) by Home Hardware Stores Limited (hereafter referred to as “**HHSL**” “**our**”, “**us**” or “**we**”) is prepared pursuant to the Canadian Fighting Against Forced Labour and Child Labour in Supply Chains Act (the “**Act**”) established under the laws of Canada.

This Report relates to the fiscal year ended December 31, 2025 (the “**Reporting Period**”).

As one of Canada’s most recognized and trusted brands, HHSL takes great pride in consistently delivering quality products that customers can rely on, ensuring their satisfaction and fostering repeat business. In today’s dynamic global environment, we strive to maintain prudence in our operations to uphold this trust and alignment with customers’ expectations.

HHSL is committed to conducting business in a responsible manner, which includes strengthening our approach to assessing and addressing the risks of forced labour and child labour in business operations and within our supply chain. At HHSL, our purpose is to improve life at home, with a vision to be Canada’s most trusted and preferred home improvement experience. Aligned with these core values, we acknowledge our responsibility to safeguard the human rights of all individuals associated with our business.



Steps taken to prevent and reduce the risks of forced labour and child labour

In 2025, HHSL took the following steps during the Reporting Period to prevent and reduce the risk of forced labour or child labour in our business and supply chains:

- Continued the mapping of key suppliers and conducted a high-level internal assessment of the risks of forced labour and/or child labour in our supply chains.
- Conducted several manufacturing facility audits of private brand merchandise suppliers.
- Introduced a Vendor Code of Conduct and attestation for all new non-merchandise suppliers.
- Continued the monitoring of our ethics and wrongdoing reporting channel for any complaints related to human rights and/or labour issues; and
- Provided mandatory training on the issues of forced labour and child labour for all HHSL Team Members with accountabilities in supply chain, merchandise, procurement, and vendor and supplier management.

Details on the foregoing are set out in further detail in this Report.

Structure, activities, and supply chains

Structure

Founded in 1964 in St. Jacobs, Ontario, HHSL is the largest Dealer-owned hardware, lumber, building materials, and furniture buying group in Canada. We serve a wide range of end markets, including commercial and residential programs within the home improvement, building and construction sectors, through our independent Dealer network.

Home Hardware Dealers, operating more than 1,000 independent retail stores across Canada, sell goods to the end consumer market and benefit from the consolidated strength of a common brand. Home Hardware Dealers operate under one of four banners:



Home Hardware: offers products such as housewares, hand and power tools, plumbing and electrical supplies, paint and painting supplies, sporting goods, automotive and farm supplies, giftware and seasonal items, including lawn and garden supplies.



Home Building Centre: offers products used for home renovation, repair, and maintenance projects, along with lumber, paint, hand and power tools, plumbing and electrical supplies and all manner of building materials, including plans.



Home Hardware Building Centre: offers a complete range of both hardware store and building centre products, including lumber, tools, paint, plumbing and electrical supplies and an extensive selection of building materials, along with housewares, sporting goods, automotive items and lawn and garden supplies.



Home Furniture: offers home furniture, major appliances, and accessories.

HHSL employs approximately 2,500 full- and part-time Team Members, all of whom are located in Canada, with roles ranging in trades, administration and management, finance, human resources, marketing, procurement, legal/regulatory, manufacturing and distribution services.

Activities

HHSL supports Dealers and the end consumer market by providing quality, brand name and private label products through a national distribution network, and other centralized services including, marketing, store planning, home and cottage design, training, real estate, and construction services. While HHSL provides direction on branding standards, Home Hardware retail stores are independently owned and operated by Dealers, who maintain the autonomy to manage their businesses and source product outside of HHSL’s standardized activities and supplier network.

Home Hardware stores are largely supplied through the procurement of home and home improvement goods through four owned Distribution Centers, located in St. Jacobs, Ontario, Elmira, Ontario (Home Furniture), Debert, Nova Scotia and Wetaskiwin, Alberta, respectively. Through our extensive distribution network, HHSL supplies products to Dealers, all located within Canada with the exception of one Dealer-owned retail location on the island of Saint-Pierre de Miquelon (offshore of Canada).

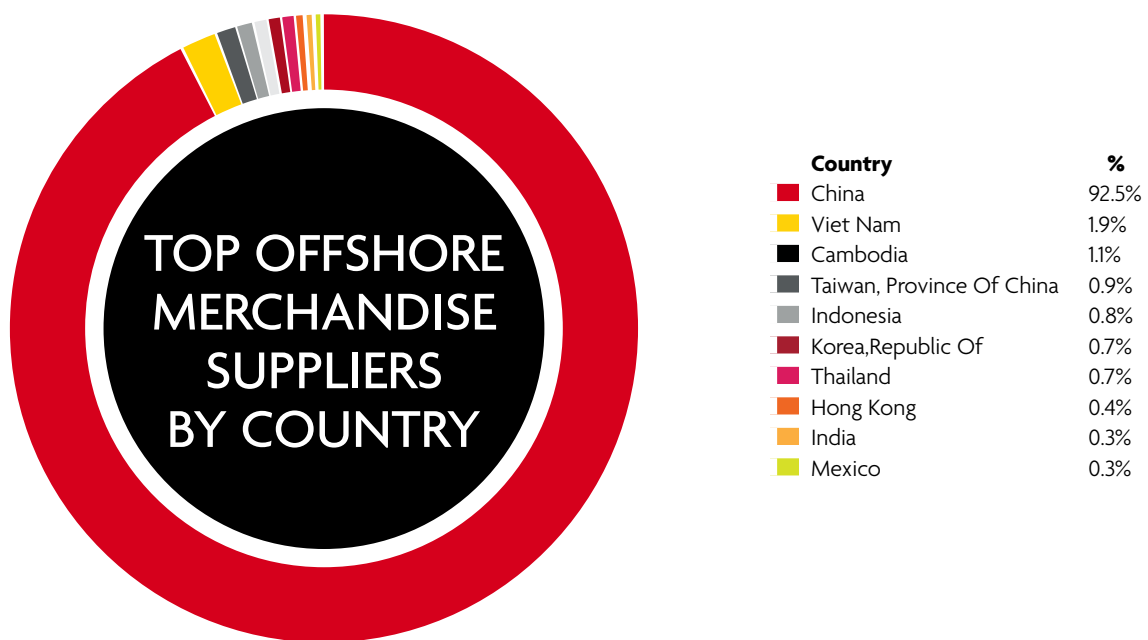
HHSL owns and operates two manufacturing facilities: BeautiTone Paint & Home Products Division (“**BeautiTone Division**”) and W.D. Packaging Inc. (“**WD Packaging**”), that ship products to Distribution Centres and directly to Home Hardware stores. BeautiTone Division is located in Burford, Ontario and produces over 600 products, including interior and exterior paint, exterior stains, primers and ceiling paints, aerosols and rust paint, specialty products and insecticides. WD Packaging is a wholly-owned subsidiary located in Elmira, Ontario that produces private label fasteners and re-packages bulk quantity items.

HHSL also owns and operates two retail locations (under the banners Home Hardware and Home Furniture) located in St. Jacobs, Ontario, and manages ecommerce activities through homehardware.ca.

Supply Chains

HHSL sources goods (for both resale and internal business use) globally from suppliers operating in a variety of industries. The majority of offshore goods, inclusive of private label products, are sourced from China. Our service suppliers, consisting primarily of providers for software, consulting, marketing and recruitment services are sourced from companies based in North America. Direct suppliers of our BeautiTone Division operate in North America, Australia, the United Kingdom, and the Netherlands.

HHSL aims to work with suppliers who are committed to making a positive community impact, guided by the principles outlined in our Supplier Guide (as further described below).





This map illustrates HHSL's 2025 Tier 1 suppliers

Policies and due diligence processes

Policies

HHSL's endeavour to reduce the risk of forced labour and child labour in its business and supply chains and offer a safe and inclusive work environment is underpinned by a number of policies.

- a. Ethical Concerns and Wrongdoing Policy:** The Ethical Concerns and Wrongdoing Policy, which is provided to all Team Members, communicates the reporting channel for raising any ethical concerns related to business conduct (whether internally or involving any Dealer, supplier or other third party). The reporting channel is communicated and made accessible to all Team Members, Dealers, and merchandise suppliers.
- b. Supplier Guide:** The Supplier Guide sets out HHSL's guidance for business dealings with merchandise suppliers to align with our mission and vision, including compliance with applicable laws and safe work environments. A copy of our Supplier Guide is provided to our merchandise suppliers and is available and publicly posted on our website [here](#).
- c. Supplier Code of Business Conduct:** The Supplier Code of Business Conduct, as set out in the Supplier Guide, reinforces HHSL's intolerance towards forced, involuntary or child labour in our operations, or those of our suppliers and their subcontractors. It establishes expectations of suppliers to comply with all applicable local laws, rules and regulations, including human rights, health, safety, and labour standards. It sets out HHSL's right to audit supplier operations and terminate supplier relationships for non-conformance with Code standards.
- d. Supplier Quality Assurance Manual:** The Supplier Quality Assurance Manual strengthens HHSL's commitment to ethical standards by establishing additional quality control measures for our private label merchandise suppliers to demonstrate compliance with local labour laws, fair wages and safe working conditions.

- e. **Employee policies:** HHSL maintains various internal policies for its Team Members, such as its Team Member Handbook, Workplace Violence and Harassment Policy and Inclusion @ Home Policy, that help us maintain our commitment to providing a safe and inclusive work environment where everyone is treated with dignity and respect.

Due Diligence Processes

Supplier Quality Assurance Program

In addition to the expectations set out in the Supplier Guide, and Supplier Code of Business Conduct, HHSL implemented a global Supplier Quality Assurance Program (“**SQAP**”). The SQAP seeks to identify and remediate certain risks, including those related to forced labour and child labour, of our offshore private label merchandise suppliers.

The SQAP introduces processes for HHSL to work with private label suppliers and third-party auditors to ensure sourced products meet applicable regulatory, safety and quality standards, and that manufacturing locations are compliant with ethical labour practices. Both legacy and new suppliers for select private label brands are required to produce audit documentation, provided by a globally recognized and accredited party, demonstrating compliance with HHSL’s quality standards as established in the Supplier Quality Assurance Manual. This includes a workplace conditions assessment report for each factory that supplies product to HHSL. Suppliers unable to produce recent audit reports, or those conducted by an unaccredited provider, are subject to HHSL’s approved third-party auditor to oversee the workplace conditions assessment.

The SQAP further establishes controls to implement corrective action plans to address nonconformities in supplier audit reports. Findings of child labour, forced labour, or slavery are categorized as “critical” and will almost always result in immediate disqualification of the supplier.

HHSL endeavours to onboard new suppliers under the SQAP and establish a cadence of re-qualification for existing in-scope suppliers.

Employment Practices

HHSL is dedicated to respecting the human rights of our Team Members through our internal employment policies and practices and through compliance with local laws and regulations. Named one of Forbes Canada’s Best Employers (2025), Best Employers for Diversity (2025), and one of Canada’s Best Managed Companies (2025), we strive to consistently implement responsible business conduct in our hiring and retention practices with measures aimed at protecting the rights, health, and safety of Team Members.

HHSL annually engages in pay equity due diligence, through the review of compensation data to ensure equal pay for jobs of equal value in compliance with statutory requirements. The Human Resources and Compensation Committee, as established by our board of directors, is responsible for overseeing our talent management and compensation strategy, plans, policies, and procedures.

Audit and Risk Management Committee

The Audit and Risk Management Committee (the “**ARMC**”) is responsible for overseeing compliance with legal and regulatory requirements, management’s responsibility for assessing and reporting on the effectiveness of internal controls, overseeing the development and implementation of HHSL’s enterprise risk management processes, and our environmental, social, and governance targets. The ARMC is also accountable for overseeing HHSL’s reporting obligations under the Act.

Ethical Concerns Reporting Channel

HHSL’s Ethical Concerns and Wrongdoing Policy sets out the reporting mechanism made available to all Team Members, Dealers, suppliers, and other third parties to raise concerns regarding ethical business conduct, which may include the use of forced labour or child labour. Concerns may be raised in several ways, namely through e-mail and an anonymous toll-free number.

All reports made through the reporting channel are monitored by HHSL’s Regulatory Compliance Manager and triaged to the appropriate internal departments for further review. Depending on the nature of concern raised, the Ethical Concerns and Wrongdoing Policy provides that HHSL may undertake further investigations, and, depending on the results of the investigation, the relevant HHSL departments would consider whether and what kind of remediation measures would be appropriate. Matters of serious ethical concern received through the reporting channel are shared with the ARMC on a quarterly basis.

Risks of forced labour and child labour in our business operations and supply chains

Operations

HHSL considers the risk of forced labour and child labour occurring within our business operations to be low, due to our primary business and workforce being located in Canada, and our maintenance of human resource policies and procedures to enable compliance with applicable laws.

Supply Chains

HHSL continues to assess the risks of forced labour and child labour in our supply chains through the mapping of key direct suppliers, including categorizing certain suppliers based on high-risk locations and high-risk industries. We acknowledge that certain manufacturing regions and materials carry a higher risk of forced labour and child labour due to its prevalence in specific countries, regions, and industries.

As HHSL procures many goods from a variety of suppliers, both domestically and internationally, we acknowledge a risk that forced labour and/or child labour may be used in our extended supply chains. Our preliminary risk assessment has involved categorization of some suppliers as higher risk (such as those engaged in ocean freight and the manufacturing of goods in certain regions of Asia) and others as lower risk (such as our domestic BeautiTone Division manufacturers).

Steps taken to assess and manage the risks of forced labour and child labour in our operations and supply chains

Operations

HHSL's onboarding process requires all new hires to present valid proof of identification to confirm their legal working status in compliance with applicable employment and labour laws. Further, our management team conducts annual compliance reviews of pay equity standards.

Supply Chains

HHSL has initiated a preliminary risk assessment process by mapping key suppliers, including developing classifications for suppliers in high-risk locations and high-risk industries. This mapping process has enabled us to begin our assessment of certain forced labour and child labour risks that may exist in our supply chain by virtue of certain suppliers' jurisdictions and/or industries of operation.

Contractual Measures

By entering into HHSL's standard merchandise supplier agreement, suppliers agree to be governed by the terms and conditions found in the Supplier Guide, including the Supplier Code of Business Conduct ("Code"). The Code includes details around the strict prohibition against the use of forced labour, child labour and any unethical practices that contravene human rights legislation in the manufacture and distribution of merchandise or services provided to HHSL.

Supplier Quality Assurance Program

During the Reporting Period, HHSL facilitated the mapping of three additional private brand suppliers and oversaw audits of 180 manufacturing facilities. These audits reviewed the quality management capabilities, social accountability to employees and the work environments of in-scope suppliers, including their compliance with ethical labour practices free of forced labour and child labour.

Where a non-conformance is identified, HHSL will work with the supplier to develop appropriate corrective action plans and verify that remediation efforts are successfully implemented, unless a critical or zero-tolerance finding is identified, in which case HHSL will immediately terminate its relationship with the supplier.

Non-Merchandise Vendor Onboarding

HHSL's Vendor Management Team is accountable for non-merchandise vendors and performing materiality risk assessments. During the Reporting Period the team administered a pre-qualification assessment to categorize prospective vendors based on risk (including risks related to forced labour matters), and a Vendor Code of Conduct and Attestation.

Remediation measures

HHSL has not identified any specific instances of forced labour or child labour during the Reporting Period, nor taken any specific measures to remediate (i) instances of forced labour or child labour, or (ii) the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in our activities and supply chains.

Throughout the Supplier Quality Assurance audits, HHSL terminated its relationship with eight factories due to inadequate audit findings, or refusal to participate in the audit process.

Training

During the Reporting Period, HHSL continued to administer Modern Slavery training on the issues of forced labour and child labour, the requirements of the Act, and the processes HHSL utilizes to enhance responsible and ethical sourcing practices. The training is completed annually by all Team Members within specific functions, including manufacturing, merchandise, quality assurance, sourcing, procurement and communications. HHSL also continues to offer various training programs, such as occupational health and safety and anti-workplace violence and harassment, at the time of onboarding and on an annual basis.

Assessing the effectiveness of our actions

HHSL is committed to addressing the risks of forced labour and child labour in our business and supply chains. In general terms, our ARMC is responsible for overseeing compliance with legal and regulatory requirements, management's responsibility for assessing and reporting on the effectiveness of internal controls, overseeing the development and implementation of HHSL's enterprise risk management processes, and our environmental, social, and governance targets.

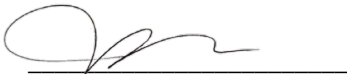
As described herein, HHSL has initiated a number of measures that are aimed to prevent, assess, manage and reduce the risks of forced labour and child labour in our business and supply chains. While we have begun the process of implementing further measures to strengthen human rights considerations in our business and supply chains, to date, no actions have been taken to formally assess the effectiveness of these measures.

Approval

This Report was approved by the board of directors of Home Hardware Stores Limited for the financial year ended December 31, 2025 pursuant to paragraph 11(4)(a) of the Act.

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 Home Hardware Stores Limited. 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.

I make the above attestation in my capacity as a director of Home Hardware Stores Limited for and on behalf of the board of directors of Home Hardware Stores Limited.



Julie Pouliot
Chair of the Board
Home Hardware Stores Limited
May 13, 2026

I have the authority to bind Home Hardware Stores Limited.