Modern Slavery Statement

Introduction

Deschenes Group Inc. and its subsidiaries listed in Appendix A to this statement (collectively, "**Deschenes Group**" or the first person notations of "we," "us" and "our") have prepared this joint modern slavery statement pursuant to Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (S.C. 2023, c. 9) (the "**Act**") for our fiscal year of January 1, 2025 to December 31, 2025, and it will be updated annually hereafter. Our reporting outlines the measures we have in place and the efforts we have commenced to assess and address risks of forced labour and child labour in our business and supply chains.

At Deschenes Group, we are committed to acting ethically and with integrity in all of our business dealings and relationships, and are committed to promoting compliance with applicable laws and protecting the dignity and rights of all people connected to our business. We strive to work ever more closely with our suppliers to ensure their workforce, and the workforce of their supply chains, are treated with respect and dignity. At the heart of our mission lies a commitment to fostering inclusive workplaces and sourcing products responsibly.

Our organisational structure and business operations

Deschenes Group Inc. is the parent company of all reporting entities included in this statement. Through its subsidiaries, Deschenes Group operates as a distributor of plumbing supplies, electrical supplies, heating, air conditioning, ventilation, fireplaces, fire protection, waterworks, measurement and control equipment, industrial piping, and automobile parts in Canada and the Western United States.

As a company, we have relatively complex supply chains that include the purchase of products and services needed to supply our customers in Canada and the United States. The goods we source and resell in the Canadian and US marketplaces are sourced from suppliers located in both developed and emerging economies. Our supply chains also include ancillary services that contribute to our distribution operations, such as transporters and carriers.

Our supply chain risk profile

Within our operations and supply chains, we have assessed our risk profile based on sector and industry risks. We have evaluated our overall risk level to be low. All of our workers are employed in Canada and the United States, where we believe we have fair and responsible employment practices in place that protect and promote workers' rights.

That said, we recognise that the locations of our international suppliers and the nature of the goods we import into Canada create a risk that forced labour and/or child labour may be present in our supply chains.

Since a majority of workers in our supply chains are not employed directly by Deschenes Group, we have less control and visibility over their working conditions and employment terms, and we continue to tailor our risk management actions to address those risks. Namely, we continue to broaden our efforts to classify supplier risks and map key parts of our supply chains to identify and improve our understanding of modern slavery risks.

Actions undertaken to combat modern slavery risks

Building on the policies and procedures we already had in place, Deschenes Group has taken steps during its fiscal year 2025 to develop and implement additional strategies in order to:

(a) Assess and better understand areas of potential risk in our business and supply chains;

(b) Ensure we have a comprehensive suite of policies and procedures that support our efforts to reduce the risk of forced labour and child labour occurring in our business and supply chains; and

(c) Raise awareness of these issues within our business operations and supply chains.

Our policies on modern slavery

Deschenes Group stands firmly against the use of forced labour and child labour, and we are committed to upholding the highest standards of ethics and integrity in conducting our business. This commitment is reflected in our policies, which require all Deschenes Group employees to act ethically, in good faith and in accordance with all applicable laws. Deschenes Group strives to work with suppliers who adhere to the same rules, and operate with the same sense of corporate social responsibility.

Deschenes Group deployed a Supplier Code of Conduct which reflects our commitment to conducting business in a legal, ethical and socially responsible manner. Our Supplier Code of Conduct sets forth our expectations of all suppliers of goods and services to Deschenes Group related to human rights and ethical business practices. A copy of our Supplier Code of Conduct was added on our various websites.

Deschenes Group also deployed a Modern Slavery Prevention Policy which we communicated to all directors and officers of Deschenes Group and all employees working in Deschenes Group's procurement department. Under this policy, key employees are, among other things, required to communicate Deschenes Group's high standards to its significant suppliers. Key employees are also required to report to management any concerns about issues or suspicions of modern slavery in any parts of Deschenes Group's business or supply chains at the earliest possible stage.

Our various affiliates are also required to apply the same high standards in terms of human rights and prevention of modern slavery as Deschenes Group and described in this report. Our affiliates are therefore bound by and follow the same principles, policies and processes, with each entity making the necessary adaptations to reflect their practical business reality and to address areas of risk which may concern them more specifically. During fiscal year 2025, we implemented the policy and code of conduct described above at Pinacle Stainless Steel Inc., a subsidiary of Groupe Deschênes acquired on February 1, 2025.

Due diligence processes

In order to identify and manage risks of forced labour and child labour in our own business, we periodically reassess our employment practices as designed to ensure we meet or surpass employment standards in all jurisdictions in which we operate.

Deschenes Group will not tolerate the use of exploitative labour practices within its supply chains, and does not intend to do business with any suppliers who do not demonstrate compliance with our high ethical standards. Moreover, Deschenes Group has processes designed to ensure its main suppliers

are aware of its policies and procedures, including its newly revised Supplier Code of Conduct which specifically prohibits the use of forced labour and child labour by our direct and indirect suppliers.

As it relates to suppliers located in countries with poor human rights records, we conduct, from time to time and on an as-needed basis, on-site visits of suppliers' facilities operating in these higher-risk jurisdictions to ensure ongoing compliance with our policies and applicable industry standards. During fiscal year 2025, we visited more than 20 facilities of these suppliers, located primarily in Asia.

As part of our initiative to identify modern slavery risks in our supply chain, we continued our risk-mapping exercise relating to our key suppliers. As part of this assessment, we conducted due diligence on our most significant suppliers, and asked them to complete a detailed due diligence questionnaire. The responses obtained continue to inform our understanding of potential risks and to support our efforts to responsibly manage the supply chain. At this stage, the rollout of this questionnaire remains limited to our most significant suppliers. We intend to gradually deploy this questionnaire to our other, less significant suppliers, depending on changes in our risk profile and our operational priorities.

We will continue to take a targeted and proactive approach to supplier due diligence and will continue to assess and improve upon our approach to existing supplier due diligence based on findings we may discover in our existing processes.

In addition, we now have a vetting process for new suppliers which allow us to identify and, as needed, to mitigate supply chain risk. These measures include a new supplier onboarding questionnaire, a standard due diligence procedure, as well as the communication of our Supplier Code of Conduct.

Training

A training video that explains Bill S-211 and our responsibility in regard to this law was incorporated into our digital learning platform as a mandatory module. All Deschenes Group employees at the management level and in the procurement sector are obligated to complete this training in key compliance areas, including business conduct and ethics, fair dealing, compliance with laws, rules and regulations and reporting of illegal or unethical behaviour. This training is to be integrated in the onboarding process for any employee affected to either of these functions. 79 employees took part in this training in 2025.

Taking a risk-based approach, we are prioritizing the development of this training course for key personnel on our management team and those personnel with sourcing and/or supplier selection responsibilities.

Remediation measures

We recognise that instances of forced labour and child labour often impact the human rights of particularly vulnerable groups, such as migrant labourers, unskilled labourers, indigenous people, women, or children. To date, we have not discovered instances of forced labour or child labour in our business and supply chains, therefore, we have not been required to take measures to remediate any forced labour or child labour, nor have we had to take measures to remediate the would-be loss of income to vulnerable families.

Effectiveness in combatting modern slavery risks

Deschenes Group policies, procedures, and training work together to mitigate the risks that Deschenes Group suppliers engage in exploitative labour practices. Going forward, we will assess the effectiveness of our actions by evaluating key performance indicators, namely the number of staff trained, the number of suppliers screened, the number of reported breaches, and the instances of remedial actions being taken.

Approval of the Report

This statement was approved by the Board of Directors of Deschenes Group Inc. pursuant to Paragraph 11(4)(b)(ii) of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*.

In accordance with the requirements of the Act, and in particular section 11 thereof, we attest that we have reviewed the information contained in this statement for the entities listed below. Based on our respective knowledge, and having exercised reasonable diligence, we attest that the information in this statement is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

By:_____
François Deschênes
President and CEO of Deschenes Group Inc.
I have the authority to bind Deschenes Group Inc.
Date: 05-20-2026

Appendix A

Subsidiaries of Deschenes Group Inc.

10432644 Canada Inc.

13859380 Canada Inc. (Crane Supply)

4457315 Canada Inc.

6393250 Canada Inc.

Bardon Supplies Limited

Boone Plumbing & Heating Supply Inc.

Centrix Control Solutions Limited Partnership

Descair Inc.

Deschênes & Fils Ltée

Desco Plumbing and Heating Supply Inc.

Flocor Inc.

Iconix Waterworks (Delaware) Inc.

Iconix Waterworks (GP) Inc.

Iconix Waterworks (US) Inc.

Iconix Waterworks Limited Partnership

Ideal Supply Inc.

Marcel Baril Ltée

Nuqsana-Baril Inc.

Pinacle Stainless Steel Inc.

Powrmatic du Canada Ltée

Real Huot Inc.

.