



Pattison ID, A Division of Jim Pattison Industries Ltd.

Modern Slavery Report 2023

This Modern Slavery Report (the “Report”) addresses the period from January 1, 2023 to December 31, 2023 and has been prepared in compliance with Bill S-211, *An Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff* (Canada) (the “Act”).

This initial Report is made on behalf of **Pattison ID, A Division of Jim Pattison Industries Ltd. (“Pattison ID”)** and is not a joint report.

I. INTRODUCTION

As a prominent player in the physical and digital branding industry, Pattison ID acknowledges the critical role it has in ensuring the supply chains supporting its operations and products adhere to the highest ethical standards. This includes the prevention and identification of forced labor and child labor throughout its supply chain. Forced labor and child labor, as defined in the relevant legislation, are unacceptable crimes and serious violations of human rights. Pattison ID is committed to taking proactive steps to address these issues within our supply chain.

II. CORPORATE OVERVIEW AND SUPPLY CHAINS

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Corporate structure

Pattison ID is a physical branding and identification company which helps its customers deploy their identity for maximum consistency, engagement and impact across physical and digital signage, and branded environments. Pattison ID is a Division of Jim Pattison Industries Ltd., which is wholly owned by the Jim Pattison Group, with a head office located at Suite 1800 - 1067 West Cordova St. Vancouver, British Columbia.

Pattison ID operates across North America under three other corporate entities: Pattison Sign Group Inc. in the United States, Anuncios Patisson SA de CV in Mexico, and Pattison Sign de Puerto Rico, Inc. in Puerto Rico. Pattison ID operates its business across all four (4) entities, with a significant majority of the business activities in the United States and Canada.

Business assets and operations

The business operations of Pattison ID include mainly manufacturing signage, and other brand identification products in its manufacturing facilities in Canada and the US. It operates three (3) manufacturing plants in Canada and four (4) in the United States. The Jim Pattison Group owns all three (3) manufacturing plants in Canada and rents the building in all four (4) US plants. In addition to the manufacturing facilities, Pattison ID also has six (6) Sales and Operation offices, all of which are rented from third parties. With over 1000 employees spread across these facilities, Pattison ID is a leader in the physical identification industry. See our website at www.pattisonid.com.

Pattison ID has a centralized functional structure whereby all sections of the operations across all borders report eventually to one person. The President of Pattison ID is responsible for all operations of the company across all borders. He has five (5) Senior Executive team members who report to him: The Chief relationship Officer (“CRO”), Chief Operations Officer (“COO”), Chief Financial Officer (“CFO”), Senior VP of People (“SVPP”) and Senior VP, Corporate Services & Sustainability (“SVPCS”). Under this structure, all sales and customer support teams report to the CRO; all operations, including manufacturing, report to the COO; all financial reporting and analysis, along with purchasing and strategic sourcing, reports to the CFO; all HR report to the SVPP; and all legal, communications and sustainability matters report to the SVPCS.

Pattison ID has a Canadian headquarters in Pickering, Ontario and an American headquarters in Knoxville, TN.

Supply chain

Pattison ID has a very strong, long-standing relationship with its supply chain partners. Leveraging its scale, centralized procurement team and risk management strategies, Pattison ID collaborates with suppliers on contingency planning to achieve continuous supply and competitive, predictable costs over the long term. This collaborative approach allows Pattison ID to adjust order patterns and inventory to ensure no disruptions to our customer project timelines.

Procurement and strategic sourcing by the numbers:

- Total procurement spend for previous two financial years:
 - 2022: \$141 Million (CAD\$)
 - 2023: \$189 Million (CAD\$)
- Main categories of goods and services procured:
 - Installation services: Most of the products manufactured or procured by Pattison ID are installed by our network of installation sub-contracting partners who are vetted to ensure they meet H&S standards, installation capabilities to meet our installation protocol, and sufficient insurance coverage.
 - Raw Material: The major materials purchased include steel, aluminum, various plastics and vinyl substrates, LED illumination modules and power supplies, electronic message boards and LED screens.
 - Shipping: Once manufactured and ready to install, our facilities ship the finished goods to our installers using third party transportation partners.
 - Outsource Finished Goods: Although most of Pattison ID products are manufactured in-house, it is sometimes necessary to outsource some specialty products which require external expertise, or sometimes large volume specialty sub-assemblies which can be manufactured more efficiently by third party partners.
 - Service & Maintenance: Similar to installation, most of Pattison ID's service and maintenance is provided by the network of sub-contractors. The two areas where Pattison ID has its own installation and service crews are Dallas-Fort Worth and Greater Toronto areas.
- Total number of suppliers: 4,000
- Total number of subcontractors: 1,100

III. POLICIES AND DUE DILIGENCE PROCESSES

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Policies

Through the various policies listed below, Pattison ID communicates its values and expectations, setting a high bar for its employees and suppliers, and it makes clear it does not tolerate any forms of forced labour or child labour. Pattison ID is committed to evolving and improving its approach. It does not tolerate child, forced or bonded labour in any of its

operations, or in the operations of its suppliers, subcontractors, and other business partners.

Pattison ID has several policies for its employees and suppliers related to Integrity and Ethics. These include:

- Anti-Bribery and Anti-Corruption Policy (August 8, 2016)
- Code of Conduct and Ethics (June 2021)
- Conflict of Interest Policy (August 8, 2016)
- Ethical and Moral Conduct Policy (August 8, 2016)
- Professionalism and Professional Ethics Policy (August 8, 2016) (employees only)
- Whistleblower Policy (as early as 2003) (employees only)

Due Diligence in Supply Chain management to mitigate financial, social and/or environmental risks

As was highlighted above, Pattison ID has several partner sub-contractors and vendors. The following paragraphs explain how Pattison ID mitigates its financial, social and/or environmental risks in its supply chain.

Subcontractor and Vendor Vetting

Pattison ID's largest overall spend in the supply chain is with its over 1,000 installation and service sub-contractors. Since the installer network performs the essential last step of installing the completed products at customer locations, ensuring we are partnering with professional, dependable and responsible partners is a high-level priority. Before being accepted within Pattison ID's network, all subcontractors must provide:

- Their capacities in equipment and human power
- Proof of liability and automobile insurance as per required minimums
- Agreement of confidentiality
- Agreement to abide by all Health & Safety Rules and Regulations of the local jurisdiction where they operate, Pattison ID's H&S Policy and any Customer specific H&S Policy

Once accepted into the network, a subcontractor may be approached by the Pattison ID project management team to provide services as per a Scope of Work (SOW) defined in a Purchase Order (PO). All POs we send to confirm the SOW have consistent terms and conditions embedded within them which allows Pattison ID to update its terms and conditions as needed without having to review each contractual relationship individually.

Also embedded in the POs are the Pattison ID H&S Policy and Installation protocol. The latter conveys clear instructions to all installation subcontractors on the safe way to complete the installation of the Pattison ID products.

The Terms and Conditions of the PO also mentions that subcontractors must adhere to all Pattison ID policies, but we do not have a consistent mechanism to share these policies with all our subcontractors and vendors.

Due diligence to mitigate financial, social and/or environmental risks in supply chain

All subcontractors within the Pattison ID network can be hired by a Project Manager or service Coordinator to perform installation, removal, service, maintenance, or repair work on Pattison ID products. As mentioned above, each project SOW is defined in a PO, which includes all relevant Terms and Conditions. Once the project SOW is completed, the Project Manager and/or Service Coordinator are required to evaluate the subcontractor on a 5-star system, along with specific constructive comments on what could be improved. The evaluation is based on the quality of the performance of work, the timeliness of the SOW, and whether any environmental or H&S issues were raised by the customer or any third party. The average evaluation score and comments are available to each Project Manager and Service Coordinator when deciding which subcontractor to use on a project.

Pattison ID's Director of Supplier Management and Strategic Sourcing meets with any subcontractors with any serious performance issues on one project, including any H&S, environmental or any other serious performance issues. Any matter where the subcontractor contravened Pattison ID's H&S policy or its commitment to the environment, or created a serious financial risk to the company, will lead to serious consequences up to and including removing them from the vetted network.

This process significantly reduces some of the financial, social and environmental risks to Pattison ID.

IV. RISK ASSESSMENT AND MANAGEMENT

Likely highest risk of forced or child labour

Although only used under limited circumstances, Pattison ID orders some assembled products, and some finished goods from Asian partners, mainly in China.

A Pattison ID employee visits the overseas facility before any product is ordered to ensure quality and that there are no H&S concerns, including any forced or child labour.

Longer-term suppliers are visited more frequently. The audit process can be more thorough by identifying explicit factors to inspect and report formally on.

Pattison ID recognizes that its exposure to forced labour and/or child labour increases when it engages with suppliers who source goods or raw materials from countries where forced labour exploitation is known to occur. As such, Pattison ID follows a risk-based approach to its due diligence activities. Pattison ID's due diligence is prioritized to the most significant adverse impacts based on severity and the likelihood of harm and focus its attention and resources.

Background checks of suppliers or vendors

Based upon customer requirements, Pattison ID utilizes a third party to complete and maintain background checks on any individuals who will work on that customer's location.

Pre-qualification or certification of suppliers or vendors

As mentioned above, Pattison ID pre-qualifies all its subcontractors. During the vetting process all suppliers are made aware that safety is the over-riding value of Pattison ID. In addition, they are informed that both Pattison ID and its partners have a mutual interest in

protecting the environment, the safety of all customers, employees and the public, and all properties from damage.

Contract provisions that include commitments related to Health, Safety, Employment and/or Environment

Once onboarded, all PO's state in writing that there exists a legal obligation to comply with all applicable laws and to conduct all activities in a safe and compliant manner.

V. MODERN SLAVERY REMEDIATION MEASURES

Steps to Prevent and Reduce Risks of Forced and Child Labour

- Ensuring all vendors and subcontractors understand Pattison ID's commitment to Ethical and Professional conduct, to keeping all stakeholders safe and free from harm, and to protecting and fostering a healthy environment and planet;
- Prioritizing to focus due diligence efforts on the most severe risks of forced and child labour; and
- Monitoring suppliers.

Remediation Measures

Pattison ID undertakes diligence efforts to ensure the risk of forced labour and child labour is mitigated in its business.

If Pattison ID discovers any forced labour or child labour in its business and supply chains, the following measures to remediate are taken:

- *Suspension or termination of a supplier, sub-supplier or contractor;*
- *Actions to prevent forced labour or child labour and associated harms from reoccurring;*
- *Actions to support victims of forced labour or child labour;*
- *Grievance mechanisms; and*
- *Formal apologies.*

VI. LOSS OF INCOME – REMEDIATION MEASURES

Steps to be taken to remediate if there is a loss of income resulting from remediation measures

- *Actions to support victims of forced labour or child labour and/or their families such as workforce reintegration and psychosocial support;*
- *Compensation for victims of forced labour or child labour and/or their families; and*
- *Community and stakeholder engagement or wider capacity-building measures.*

Note that Pattison ID has not identified any instances of forced labour or child labour in its operations and/or supply chain.

VII. TRAINING

Every year, Pattison ID leaders are required to acknowledge they are not aware of any Environmental and/or Health & Safety contraventions as defined in company policies.

At this time, Pattison ID does not train its leaders or personnel specifically on matter of forced and child labour.

VIII. ASSESSING EFFECTIVENESS

As part of its governance processes, Pattison ID monitors compliance with its policies on an ongoing basis. It also reviews any concerns raised through its Whistleblower Policy and other informal mechanisms of employee feedback. To date, no significant concerns or complaints have been identified.

To date the company has not identified any parts of its business activities or supply chain that carries the risk of forced labour.

IX. APPROVAL AND ATTESTATION

This Report was approved pursuant to paragraph 4(a) of the Act by **Jacque Duguay** on May 31, 2024 and has been submitted to the Minister of Public Safety and Emergency Preparedness in Canada. This Report is also available on our company website at [www.pattisonid.com].

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



Jacque Duguay on behalf of Pattison ID

Senior VP, Corporate Services & Sustainability, May 31, 2024

I have the authority to bind Pattison ID