

*FIGHTING AGAINST FORCED LABOUR AND CHILD LABOUR IN
SUPPLY CHAINS ACT*

JOINT ANNUAL REPORT

JANUARY 1st, 2023, TO DECEMBER 31st, 2023,

NOVATECH GROUP INC.

NOVATECH CANADA INC.

NOVATECH PATIO DOORS ONTARIO INC.

1. Introduction

This report was prepared jointly for Novatech Group Inc., Novatech Canada Inc., and Novatech Patio Doors Ontario Inc. (collectively “Novatech”) in response to the requirements of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (hereinafter the “Act”) for its fiscal year ending December 31, 2023.

Novatech recognizes the importance of managing forced labour and child labour risks within its operations and supply chain and is committed to continually improving its due diligence, risk assessment, remediation and training processes.

2. Organizational structure, activities and supply chain

2.1 Activities

Novatech Group Inc. is a holding company incorporated in 1999 and governed by the *Canada Business Corporations Act*. It does not engage in the production, sale or distribution of goods, nor in the import of products manufactured outside Canada, and therefore has no supply chain. Novatech Group Inc. exercises control over Novatech Canada Inc. and Novatech Patio Doors Ontario Inc. within the meaning of the Act. Founded in 1982, Novatech Group has more than 1,500 employees and is Canada’s leading manufacturer of components for the window and door industry.

Novatech Canada Inc. is a corporation incorporated in 2021 and governed by the *Canada Business Corporations Act*. The entity specializes in the manufacture of custom-made entrance doors, door windows and sealed glass.

Novatech Patio Doors Ontario Inc. is a corporation incorporated in 2021 and governed by the Ontario Business Corporations Act. The company specializes in the manufacture of custom patio doors. The company offers a range of high-quality architectural products, aimed at improving the customer experience in housing. In order to obtain supplies, the entities import raw materials and parts, as described below.

The Novatech Group operates 11 factories, 2 distribution centres and 1 head office in Canada:

In Québec

1. Sainte-Julie - Head Office - 160 rue Murano, Sainte-Julie, QC, J3E 0C6
2. Sainte-Julie - Door factory - 1400 rue Marconi, Sainte-Julie, QC, J3E 2J9
3. Sainte-Julie - Door window factory - 1000 rue Coulombe, Sainte-Julie, QC, J3E 0C2
4. Sainte-Julie - Door window factory - 200 rue Murano, Sainte-Julie, QC, J3E 0C6
5. Terrebonne - Patio door factory - 1085 rue des Cheminots, Terrebonne, QC, J6W 0A1
6. Saint-Agapit - Residential glass factory, 1236 rue Principale, Saint-Agapit, QC, G0S 1Z0
7. Saint-Agapit - Blinds factory - 989 avenue Bergeron, St-Agapit, QC, G0S 1Z0
8. Saint-Apollinaire - Residential glass factory - 288 rue Laurier, St-Apollinaire, QC, G0S 2E0
9. Beauceville - Plant A - Patio doors - 100 181e rue, Beauceville, QC, G5X 2T1
10. Beauceville - Plant B - Patio doors - 112 112A route Fraser, Beauceville, QC, G5X 2T1
11. Beauceville - Plant C - Patio doors - 132e rue, Beauceville, QC, G5X 2T1

In Ontario

12 Woodbridge 1 - NPDO Patio Door Factory & New Site - 500 Zenway Blvd., Woodbridge, ON, L4H 0S7

13 Woodbridge 2 - Warehouse/Distribution Centre - 8405 Huntington Road, Vaughan, Woodbridge, ON, L4H 5B2

In Alberta

14 Calgary - Distribution Centre - 2626 Country Hills Blvd. NE, Unit 40, Calgary, AB, T3N 1A4

At its state-of-the-art facilities, the company manufactures residential steel door panels, doorglass, patio doors and other glass products for residential, commercial and institutional buildings. Its North American and international customers are served from its 14 facilities and distribution centres in Québec, Ontario and Alberta.

2.2 Supply chain

Novatech's supply chain is characterized by the presence of a large number of direct suppliers with whom the company maintains long-term commercial relationships.

Most of its raw materials (90%) come from Canada and the United States. The remaining 10% comes from overseas, mainly in China, to meet the specific needs of its establishments.

Novatech carried out an analysis enabling us to determine the location of our direct suppliers, as well as the origin of the products used by some of them in their activities. Novatech includes among the raw materials purchased:

- Steel that comes from two major suppliers located in Ontario, Canada, guaranteeing an entirely Canadian supply chain all the way back to the ore.
- The glass is mainly made in the United States from American or Mexican silica (less than 1%). Stained-glass windows are imported exclusively from China.
- Wood comes from the United States and is processed in Québec. The wood includes a specific species of New Zealand wood imported via a processing plant in China.
- Aluminum extrusions are sourced from Québec and processed in Canada.
- PVC and resin are imported from the United States and processed into PVC extrusions in Canada.
- Chemicals, such as sealants and foams, are mainly sourced from the USA.
- Hardware is purchased either through distributors or directly from manufacturers in Canada and the United States.
- Packaging materials, such as wood, cardboard and plastic, are purchased from local Canadian manufacturers or distributors.

However, Novatech recognizes that its Canadian and American suppliers have their own supply chains, and that these may include suppliers located in foreign countries, notably in various Asian countries, including China.

In this affirmative, Novatech undertakes to state that managing the social risks inherent in supply chains is its responsibility, as it is that of its suppliers, because respect for human rights is a collective responsibility, engaging all companies, wherever they conduct their activities.

During the fiscal year ending December 31, 2023, Novatech took the following measures to prevent and reduce the risk of forced and child labour in its operations and supply chain. These measures are part of the ongoing commitment to promoting human rights and guaranteeing safe and fair working conditions:

- Novatech carried out an analysis enabling us to determine the location of its direct suppliers, as well as the origin of the products used by some of them in their activities.
- Novatech has developed a standardized risk management process to identify, assess and mitigate risks in its supply chain. This process includes regular supplier evaluations, compliance assessments and monitoring mechanisms to ensure that ethical standards are met. The results of the assessments are reviewed at least twice a year by management, and corrective actions are implemented in the event of non-compliance.
- The company has put in place a compliance checklist that was developed for use by procurement employees to ensure that suppliers are complying with Novatech's ethical standards.

Further details on these activities are provided in the following sections of this report.

Novatech is committed to maintaining rigorous policies and due diligence processes to prevent and combat forced labour and child labour in its operations and supply chain. These policies and processes are designed to ensure respect for human rights and promote fair and safe working conditions. Novatech is guided by fundamental values that include respect for employees, colleagues, customers and suppliers. Health, wellness and safety are also emphasized. Novatech Group has been named one of Canada's Best Managed Companies for seven consecutive years. Since 2015, the company has been recognized for its overall performance and sustained growth. Novatech Group earned this distinction by skillfully communicating its underlying purpose, vision and mission, as well as its cutting-edge business model and strategy.

Novatech's Code of Conduct defines behaviours expected of all employees, managers and business partners. Novatech is committed to maintaining and continually reinforcing its Code of Conduct, at least every two years, in order to cease, prevent or mitigate negative effects on operations, the supply chain and commercial relationships, as well as to ensure respect for human rights and the highest ethical standards.

Novatech, guided by its core values, has developed a strong health and safety culture and was named regional winner of the CNESST's Grands Prix Santé et Sécurité du Travail in recognition of its efforts. Novatech's Health and Safety Policy aims to ensure a healthy and safe work environment for all employees. This policy sets out specific responsibilities for senior management, department heads, supervisors and employees, to ensure that everyone behaves in a safe manner. Department managers and supervisors are given significant responsibility for identifying, correcting or controlling risks and hazards in the workplace, and to implement

the protective measures needed to eliminate these hazards. The Governance Committee meets monthly to drive the Group forward. In addition, internal audits are carried out on a quarterly basis to assess and monitor the results of corrective actions identified in the annual management plan.

Novatech applies a zero-tolerance policy to psychological and sexual harassment with its *Policy on the Prevention and Control of Psychological and Sexual Harassment in the Workplace*. This policy states that no form of harassment will be tolerated in the workplace. The company firmly condemns any attack on the dignity or physical and psychological integrity of its employees, and has set up a process for reporting breaches within its structures. The Employer must not only take the necessary measures to prevent and stop harassment, but must also investigate concerns, complaints and incidents while respecting the principles of confidentiality to protect an employee who is subject to harassment.

Novatech recognizes the importance and responsibility of not compromising the well-being of people affected, directly or indirectly, by these activities.

With regard to its supply chain, Novatech has put in place a supplier qualification process that includes considerations relating to the quality of materials, workplaces and working conditions. To date, the vast majority of suppliers have been evaluated against these criteria, including site visits and periodic assessments to ensure compliance, for the equivalent of 70% of the Novatech Group's purchases, including suppliers in North America and Asia.

Novatech has developed a standardized risk management process to identify, assess and mitigate risks in its supply chain. This process includes regular supplier evaluations, compliance assessments and monitoring mechanisms to ensure that ethical standards are met. Assessment results are reviewed by management at least twice a year, and corrective action is taken in the event of non-compliance.

Novatech recognizes the crucial importance of promoting ethical practices and respect for workers' rights in its supply chain.

The risk of forced labour and child labour

Novatech recognizes the importance of risk assessment to identify and mitigate the risks of forced labour and child labour in its operations and supply chain. This risk assessment is a key element of the company's commitment to promoting ethical and responsible business practices.

The majority of Novatech's employees in Canada are bound to the company by an employment contract, and are bound by the applicable collective bargaining agreement, depending on their job and function within the company. The Group has 10 collective bargaining agreements and 7 unions that govern to ensure that workers' working conditions are respected.

Moreover, Québec's jurisdiction offers a very strict regulatory framework with regard to workers' rights and their health and safety in the workplace. As a result, the risk of forced labour or child labour in Novatech's day-to-day operations in Québec is very low. In addition, Novatech remains committed to conducting regular audits with its Labour Relations Committee (comprising union representatives, human resources representatives and members of management), which meets quarterly to ensure that practices comply with good ethical practices and employee rights.

Novatech hires foreign workers at some of its facilities, in compliance with local employment and immigration laws. The company makes sure that these workers receive fair treatment and have adequate working conditions. The Novatech Group works with external partners (2) who jointly support recruitment with the human resources teams, the administrative steps and facilitate the logistics when foreign workers arrive. The Novatech Group is committed to providing foreign workers with the resources they need and to creating the best possible conditions for their integration at work and abroad.

Novatech is also committed to assessing the risks faced by its direct and indirect suppliers. This assessment takes into account a number of factors, including the geographical location of suppliers and the types of products supplied. Suppliers identified as posing a high risk may be subject to measures that could go as far as severing business ties with them. Novatech has not identified any risks of forced labour or child labour directly with its suppliers. Novatech recognizes that the production of the components and manufacture of the equipment it sources may involve risks to working conditions. However, Novatech has limited visibility of its suppliers' supply chains.

Novatech encourages the reporting of any breach of its policies and has set up a formal reporting process. In the event of human rights violations in Novatech's operations, measures are taken to prevent and stop such violations, but concerns, complaints and exceptional circumstances are also investigated and dealt with promptly, including review of relevant documents and interviews with the employees concerned, while respecting the principles of confidentiality.

To date, Novatech has not received any complaints relating to forced labour or child labour in its operations or supply chain, and has therefore taken no remedial or compensatory action.

Novatech recognizes the importance of training to promote ethical and responsible practices in its operations and supply chain.

The company has set up training programs to make employees and business partners aware of company policies and expected ethical standards. All Novatech employees receive mandatory training on company policies, including those relating to health and safety and harassment. This training is provided during new employee onboarding and is regularly updated to reflect best practices and legal requirements.

As of December 31, 2023, Novatech had no employee training to raise awareness of forced labour and child labour in its supply chain. Novatech plans to add elements relating to the fight against forced labour and child labour to its existing training content during the current fiscal year. By investing in training and raising awareness, Novatech ensures that all players in its supply chain are aware of the risks of forced labour and child labour, and have the tools they need to prevent and combat these practices.

4. Evaluation and effectiveness

Novatech has set up a process for the ongoing review of its general policies and procedures. Results are rigorously examined in order to cease, prevent or mitigate negative effects, and corrective measures are implemented and monitored.

By regularly assessing the effectiveness of its measures and committing itself to continuous improvement, Novatech ensures that workers' rights are protected and that the highest ethical standards are maintained in its operations and supply chain.

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 on behalf of the company or companies listed above. Based on my knowledge and having exercised due diligence, I attest that the information contained in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year mentioned above.

Dated in the city of Sainte-Julie, Québec, this 24th day of 2024.

A handwritten signature in black ink, appearing to be 'HS', written over a horizontal line.

Harold Savard, CEO, Novatech Group Inc. I have the authority to
bind Novatech Group Inc.