



# **REPORT 2025 CANADIAN BILL S-211**

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

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## Introduction

The Bill S-211[1] which came into force on 1 January 2024, aims to prevent and reduce the risk that forced labour or child labour is used by entities or in their supply chains.

Beaulieu Canada's approach to this topic is fully in accordance with the principles of the OECD Guidelines for Responsible Business Conduct. A methodology for conducting supplier due diligence has been developed. The roll out of the methodology and the tools that supports this process are currently ongoing.

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## 2. Presentation of the company – structure, activities and supply chains

### **Organizational Structure:**

Beaulieu Canada Ltd operates with a functional organizational structure, with various departments such as production, sales, distribution, importation, research and development, marketing, customer service, after-sales service, finance human resources, IT and supply chain management. Each department is headed by a departmental manager who reports to the company's President.

### **Organizational Mandate or Role:**

As a subsidiary of the Beaulieu International Group (B.I.G.), Beaulieu Canada is tasked with the production, sale, distribution, and importation of flooring goods. Our mandate is to ensure the efficient manufacturing and delivery of high-quality products to customers globally while adhering to ethical standards and legal regulations.

For more information on Beaulieu International Group, we refer to our Annual Report published on our [website](#).

### **Number of Employees:**

Beaulieu Canada Ltd employs between 300 to 400 individuals in Canada. Beaulieu International Group counts around 4,100 employees worldwide.

*[1] An Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff*

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**Activities Reporting:**

*Production:* We manufacture broadloom carpets made of polypropylene, polyester or nylon, in Canada at our Acton Vale, Quebec facility.

*Import:* We import raw materials, components for manufacturing purposes and finish flooring goods, sourcing from various countries and regions across the globe.

*Sales and Distribution:* Our sales and distribution networks operate in Canada and United States, ensuring the widespread availability of our products.

**Supply Chain Description:**

Our supply chain encompasses suppliers of goods integral to our manufacturing and distribution processes, from raw material sourcing to the final product. This includes both direct and indirect suppliers, operating within Canada and internationally. Beaulieu Canada Ltd remains committed to transparency and diligence in managing our supply chain, ensuring compliance with regulations and fostering responsible business practices.

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### 3. Steps to prevent and reduce risks of forced labour and child labour

Hereafter you can find further information on our corporate policies and due diligence process related to forced labour and child labour as well as sustainability in the broader sense.

In light of our sustainability goals, the Group defined a clear ESG strategy that we all believe in and are willing to fight for. One that's based on actionable commitments, encompasses our key priorities and reflects the spirit of the company in a sincere way.

The following key pillars have been defined:

- We take responsibility for the environmental impact of our operations - and that of partners.
- We value our employees and the people around us.
- We act with integrity and value open communication.

In the coming years, we will continue to develop our sustainability reporting in line with the European Corporate Sustainability Reporting Directive (CSRD), which will become mandatory for the Group in 2028, covering the 2027 financial year.

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### 3.1 Our clear commitment to responsible business

As mentioned above, Beaulieu Canada Ltd is a subsidiary of Beaulieu International Group. As a large industrial Group, we operate in multiple countries and in diverse cultural, legal and regulatory environments. That puts responsible and ethical business conduct across the whole value chain right on top of our agenda. **From human rights to legal compliance, we see due diligence as essential to** avoid adverse impacts on people, the environment, society and our own business.

Responsible business conduct is also an **internal priority**. We set the example within our facility. As a group, B.I.G. has been embracing, supporting, and enacting the 10 Principles of the UN Global Compact, a set of core values for human rights, labor standards, the environment, and anti-corruption for many years. In 2024, we strengthened our commitment by becoming a **member of UN Global Compact (UNGC)**. **In 2025 we strengthen our commitment by adhering to** the Fast Forward initiative from the United Nations Global Compact, aiming for 100% of employees across our organization to earn a living wage and for Equal pay for work of equal value.

As outlined in our [Responsible Business Statement](#), we strive to go beyond compliance with local labour laws.

By incorporating these principles into our strategy, policies, and procedures, and establishing a culture of integrity, B.I.G. aims to uphold its basic responsibilities to people and the planet, while setting the stage for long-term success. More than placing the bar high for ourselves, we expect the same from our suppliers. Only together can we really make a difference.

## UN Global Compact: ten principles

### Human rights

#1

Support and respect the protection of internationally proclaimed human rights.

#2

Make sure that they are not complicit in human rights abuses.

### Labor

#3

Uphold the freedom of association and the effective recognition of the right to collective bargaining.

#4

Eliminate all forms of forced and compulsory labor.

#5

Uphold the effective abolition of child labor.

#6

Eliminate discrimination in respect of employment and occupation.

### Environment

#7

Support a precautionary approach to environmental challenges.

#8

Undertake initiatives to promote greater environmental responsibility.

#9

Encourage the development and diffusion of environmentally friendly technologies.

### Anti-corruption

#10

Work against corruption in all its forms, including extortion and bribery.



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## WHERE DO WE STAND?

### **Improving our human rights approach**

In recent years, we've taken significant steps to enhance our approach to human rights risks. In 2023, we appointed a Human Rights Officer on a group level, a move that has accelerated our progress in this area.

Using the UNGC's recommended framework, we **evaluated our human rights practices** to ensure they meet international standards and best practices.

The assessment confirms that all critical human right risks for our own workforce are **well managed**. Still, we remain committed to continuous improvement.

Although we had aimed to strengthen our measures in **Diversity, Equity, and Inclusion (DEI)** our HR team focused on fair remuneration first.

In 2025, a comprehensive screening of both living wages and adequate wage levels was conducted. The resulting reports have been formally documented and are available for review. The analysis yielded a positive outcome, indicating that the organization's remuneration practices are aligned with recognized standards of fairness and adequacy. Overall, the findings confirm that employees receive compensation that is not only compliant with established benchmarks but also supports a reasonable standard of living.

### **Encouraging responsible business conduct in our value chain**

To build a value chain that is aligned with us on key sustainability principles, such as safeguarding all human rights, we have a multifaceted approach, including several actions and tools:

#### **Business Integrity**

- Code of Conduct– all employees were required to follow mandatory training in the course of 2025
- Supplier Code of Conduct
- Anti-bribery & Corruption policy
- Speak Up policy

#### **Sustainability**

- Responsible Business Statement – this statement is B.I.G.'s general overarching statement
- Sustainable procurement – focusing on fostering a sustainable supply chain with environmental aspects (use of recycled, renewable, low-carbon material; resource efficiency and pollution) as well as ensuring human rights

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- Safe and sustainable products – ensuring our products are designed, produced (and used/disposed of) in a sustainable and safe way
  - Supplier due diligence

Policies are approved at Group level and implemented across all business units.

In the coming years, we'll be taking real steps to improve our business practices. We're currently rolling out an internal audit system that checks for sustainability risks and we have started to run physical audits on our suppliers on human rights and environmental topics.

### **Setting clear standards for all our suppliers**

In 2025 our Sustainable Procurement – or Responsible Sourcing – Policy, was finalized. With this Beaulieu International Group, and Beaulieu Canda commit to integrating Environmental, Social and Governance (ESG) considerations in our operations, products and supply chains. This policy, which is aligned with our [Responsible Business Statement](#) and [Supplier Code of Conduct](#), sets out the standards that B.I.G. uses for sustainable procurement and continuous improvement.

This policy applies to all procurement activities of B.I.G. employees and contractors involved in the procurement of goods and services across all divisions and regions.

### **Embedding sustainability in the procurement process**

B.I.G. takes a **risk-based approach** to sustainable procurement: we aim to identify and address potential problems before they occur.

Our process begins before we do business with a supplier. We use our Third-Party Risk Management (TPRM) framework and tool to **evaluate the potential supplier** based on risks relating to Anti-Bribery & Anti-Corruption (ABAC), environmental impact, and human rights. This evaluation includes an internal assessment as well as a self-assessment (questionnaire) by the supplier. We also require all suppliers to adhere to our **Supplier Code of Conduct**.

To ensure continuous improvement, we **regularly assess** our suppliers' sustainability practices and assign a **sustainability score** to our key suppliers. More than that, we **collaborate** with them to promote sustainable practices and **develop action plans** to address any areas that need improvement.

Our robust policies, sustainable procurement practices, effective third-party risk management and our commitment to transparency get applauded and acknowledged.

In 2025, leading rating platform **EcoVadis** upgraded its overall rating for B.I.G.: our score rose to **78**, a significant **11-point jump** compared to 2024. **That puts us in the top 6% of companies worldwide**, with a **Silver Medal** - just a small step from Gold (top 5%).

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## 3.2 Business Code of Conduct

Within our company, we rely on our core values, a set of shared beliefs, to guide our behaviors weaving honesty and diligence into every fiber of our company culture. This is supported in our [Code of Business Conduct and Ethics](#) ('Code') as well as in other policies. The policies are published on the company's intranet and are accessible to every employee. In the course of 2025 all employees were required to follow mandatory online training.

## 3.3 Supplier Code of Conduct

Within all entities of the Beaulieu International Group, we are committed to ethical and responsible conduct in all of our activities, whereby compliance with laws and respect for the rights of all individuals and the environment are of vital importance. We expect the same commitment of our suppliers, agents and other involved parties.

Therefore, our suppliers need to comply with our Supplier Code of Conduct. This Supplier Code of Conduct is published on our international website [Supplier Code of Conduct](#).

The Code of Conduct is structured around three topics:

- **Human and social rights:** Suppliers must comply with all applicable employment laws and will support the protection of fundamental human rights wherever they operate in the world.
- **Environmental management:** We expect suppliers to collaborate with us in achieving our sustainability goals, complying to all applicable environmental laws, regulations and standards, promoting safety, striving for environmentally friendly production and transport and maintaining quality in their finished products.
- **Governance:** Suppliers must be committed to the highest standards of ethical conduct in all of their operations and when dealing with employees, other suppliers, government authorities and customers.

In our purchase agreements a reference to the Supplier Code of Conduct is included. Suppliers evaluated as high or medium risk in our supplier due diligence process will also need to confirm the Supplier Code of Conduct using our TPRM[2] web-based application (see further).

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### 3.4 Sanction screening

The suppliers (as well as our clients) are screened against the worldwide sanction lists.

- The company only wants to work with reliable and accepted partners. All suppliers are to be screened against selected sanction party lists **before** entering in a relationship with the respective third party. In the event that the screening tool identifies a hit for a new supplier, the Group Legal Department needs to review the hit first and clear it before the company can enter into a relationship with a third party. We will not enter or maintain a supplier relationship when the supplier is black listed.
- Once on-boarded, the sanction screening is performed daily till termination of the activities with the third party. In the event of a hit against the selected sanctioned party lists, the third party is blocked until the Group Legal Department reviews and clears the hit.

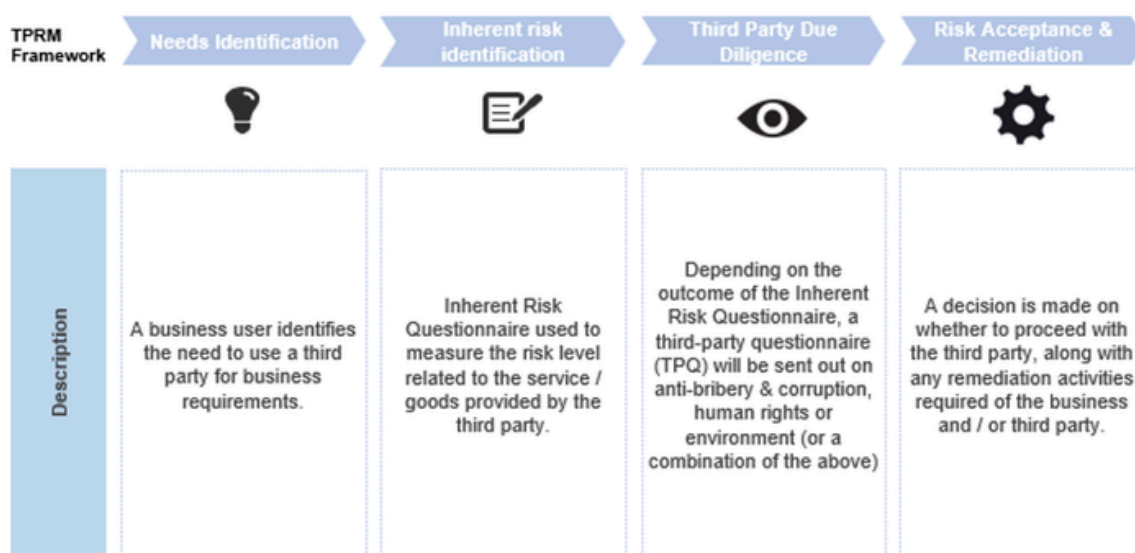
Besides the sanction screening process to be performed before the on-boarding of the third party, a supplier due diligence process is performed.

### 3.5 Supplier due diligence

As a large industrial Group, we operate in multiple countries and in diverse cultural, legal and regulatory environments. That puts responsible and ethical business conduct across the whole value chain right on top of our agenda for Governance – the G in ESG. The truth is that things many of us take for granted, such as human rights, safe working conditions, fair remuneration and legal compliance, aren't guaranteed at all times – making due diligence a must for businesses.

Beaulieu Canada has in place a Third Party Risk Management System (TPRM) which is designed at group level. This process and tool is aimed at assessing the environmental, human rights and anti-bribery risks of our supplier base.

The supplier due diligence process encompasses the following steps :



The process (and tool) follows the following steps:

- Each prospective third-party relationship is assessed first for the inherent risk posed to the company based on the nature of the products or services provided and the country of origin of the goods/services delivered. This determines whether the third party has a high, medium or low inherent risk. **The inherent risk assessment** assesses distinct categories of risk and the total risk of the relationship. Specific risk areas examined include:
  - Anti-Bribery & Anti-Corruption risk (ABAC)
  - Human Rights risk
  - Environmental risk

The standard risk evaluation criteria on country level were based on the official **'global slavery index – vulnerability to modern slavery'** as well as the **'global rights index – workers' rights'** for human rights. The country level risk for anti-bribery & corruption risk was based on the 'Corruption Perception Index' published by Transparency International. Services and goods category did also receive a risk level relating to human rights and environmental risk. The risk evaluation framework was integrated in the selected tool which allows automated calculation of risk levels.

- Depending on the outcome and risk scoring in the inherent risk assessment phase, a **third-party questionnaire (TPQ)** is sent to the third party on one or a combination of the identified risk topics - anti-bribery & anti-corruption, human rights and or environment (for high and medium scores).

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- The responses of the third party are evaluated internally by subject matter experts on respectively anti-bribery & corruption, human rights and environment. After evaluation, the third-party relationship is **accepted or denied**. Where needed, the subject matter expert evaluates whether a **mitigation plan** will be requested to the third party. A follow up of the remediation plan will be performed.
  - A periodic monitoring / renewal of the third-party due diligence process is also in place.

### 3.6 Grievance mechanism – whistleblowing / SpeakUp

- The company seeks to conduct its business in compliance with all applicable laws, rules and regulations in all countries in which it operates. We encourage a free and open culture of communication. Several reporting channels have been established for employees, suppliers and others to report information/behavior that is inconsistent with our Code of Conduct, laws, regulations or company policies, or place the company's reputation at risk.
- In their relationship with our company, third parties can :
  - Share their concerns when they have suspicion of violation of the company's Supplier Code of Conduct.
  - Report knowledge or suspicion that there is a violation of law, regulation or company policy in relation to the company to either their usual point of contact within the company or to the internal audit department in writing or by email.
  - or through entering a report via our safe, confidential and compliant **Speak Up platform** <https://bintg.whispli.com/lp/speakup> .

The link to the SpeakUp channel is published on the website [Beaulieu Canada](#). Internally, posters are referring employees to the SpeakUp channel as well.

The Speak Up platform empowers employees and third parties – including applicants, consultants, and suppliers – to submit good-faith reports of harassment, corruption, legal breaches, and other improper business conduct. In 2025, several individuals used the platform to share their concerns. Reports, which can be submitted anonymously, are acknowledged within seven days and then thoroughly investigated by Internal Audit, Legal, or HR teams, with detailed feedback provided within three months.

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## 3.7 Training

Trainings have been organized in the past:

- Web-based training on **Code of Business Conduct & Ethics**
- **Whistleblowing and Speak Up**

Training on forced labour and child labour has not taken place yet on the level of Beaulieu Canada specifically.

The group sustainability goals and the need for third party risk management and the supplier due diligence process has been part of awareness presentations and communications to Group Procurement and all companies of the Beaulieu International Group (general managers, finance, supply chain managers, quality).

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## 4. Assessment of the risks within our company and supply chain

### 4.1 Beaulieu Canada - internal

The **Responsible Business Statement** clearly confirms our commitment to act as a Responsible Business. Processes, policies and procedures are in place to ensure compliance with respective laws and regulations. On group level, we prepare for reporting as required according to the **European Union Corporate Sustainability Reporting Directive (CSRD)**.

On group level, a new **double materiality analysis** has been performed with an identification and assessment of impacts, risks and opportunities (IRO's). More details can be found in the [Group annual report](#).

### 4.2 Beaulieu Canada's supply chain

The entity currently considers the supply chain risks (including sustainability in all its aspects) when entering in a relationship with a new supplier as well as executing a supplier performance evaluation with existing suppliers.

For a number of raw materials suppliers and other suppliers based in overseas countries, Group Procurement is involved in the evaluation of the supplier. To ensure continuous improvement, we **regularly assess** our suppliers' sustainability practices and assign a

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**sustainability score** to our key suppliers on group level. More than that, we **collaborate** with them to promote sustainable practices and **develop action plans** to address any areas that need improvement.

Beaulieu Canada's suppliers have been evaluated, following our newly designed and structured supplier due diligence process (as described in 3.5). Once all suppliers have gone through the supplier due diligence process, tracking is done on the risk profile of the suppliers as well as the status of the remediation plan communicated to the supplier (where applicable).

For the measures taken to identify and remediate violations if applicable, we refer to the previous section. Should a violation against human rights be identified at a supplier, this would be discussed with our Group Legal function as well as with our Group Sustainability Director.

Until now, no issues have been identified on human rights (forced labour and child labour).

Following our silver EcoVadis medal at Group level, we are reviewing which improvement actions need to be considered.

Most of the raw material suppliers of Beaulieu Canada have been visited on-site and the following topics were reviewed during this visit:

- Analysis of their Quality insurance procedure
- Analysis of their Health and Safety policy
- Analysis of their Human Resources management practice
- Analysis of recycled usage materials and renewable energy

### **4.3 Measures taken to remediate the loss of income**

We judged that vulnerable families have, to our knowledge, not experienced loss of income as a result of steps the entity has taken to eliminate forced labour or child labour risks.

Approved by SAMUEL AKHAVAN, General Manager of Beaulieu Canada

