



REPORT ON THE FIGHT AGAINST FORCED LABOR AND CHILD LABOR IN SUPPLY CHAINS



**Fiscal year
ended May 31, 2025**



/ INTRODUCTION

The Fighting Against Forced Labour and Child Labour in Supply Chains Act (the “**Act**”) entered into force on January 1, 2024. It requires certain Canadian businesses that meet criteria regarding business presence and size to produce an annual report outlining the measures implemented to prevent and reduce the risk of forced labour or child labour in their supply chains.

Portefeuille Kimpex Inc. and its subsidiary Kimpex Inc. (collectively, “**Kimpex**”) are jointly submitting this report for the fiscal year that ended on May 31, 2025. These two entities, incorporated in Quebec and headquartered in Drummondville, are subject to the Act.

Kimpex considers the respect for human rights to be a core corporate responsibility. The company constantly aims to improve its practices to prevent and address forced labour and child labour in its supply chain and requires its suppliers to make the same commitment.

/ STRUCTURE, ACTIVITIES, SUPPLY CHAIN

Kimpex is a North American leader in the distribution of powersports parts and accessories. Founded in 1967, the company currently employs more than 200 people and distributes a wide range of products to a network of more than 3,500 retailers in Canada, the U.S., and Europe.

The company distributes products from its private brands as well as products from renowned brands in the powersports industry. With its two distribution centres in Drummondville, Québec and Calgary, Alberta, Kimpex offers its clients a selection of more than 90,000 products.

Private brands

In addition to its distribution activities, Kimpex stands out thanks to its private labels that include a wide range of products designed and developed by its experts. Although Kimpex designs the products sold under its labels (such as Kimpex, CKX, and Commander), the manufacturing primarily takes place in China, Vietnam, and Taiwan. Kimpex then imports this merchandise – which includes clothing, protective equipment, as well as accessories for recreational vehicles – by containers to its Canadian distribution centres. The products are then delivered to the company’s network of retailers and clients.



Generic brands

To distribute generic or exclusive brands, Kimpex works with several recognized suppliers that distribute and manufacture equipment for the recreational vehicle industry. The products Kimpex distributes include mechanical parts for various types of powersports vehicles, clothing, as well as protective equipment. Kimpex distributes a large portfolio of products, and the companies that manufacture these products are located mainly in Asia, North America, and Europe. Because of the scope and complexity of its supply chain, the information Kimpex has on components and raw materials used to manufacture products is limited to its direct suppliers, which are mostly located in China, Thailand, and Bangladesh.

/ DUE DILIGENCE POLICIES AND PRACTICES

Code of Ethics

Kimpex has adopted a Code of Ethics that outlines the principles and behaviours its employees, directors, and officers must comply with and adopt as part of the company's activities. Every supplier and commercial partner of Kimpex must also adhere to this Code of Ethics. It outlines the company's expectations in terms of respecting human rights in the workplace and covers topics such as preventing harassment and violence and occupational health and safety.

Policies and practices

Kimpex employees are required to conduct themselves in a manner that complies with the policies and procedures implemented by the company. These policies and procedures cover but are not limited to:

- Preventing harassment in the workplace
- The environment
- Occupational health and safety

Over the past year, Kimpex has launched a new internal platform where employees can consult the company's Code of Ethics, policies, and procedures. This initiative was deployed to ensure that employees can always easily access corporate documentation. The platform also ensures internal policies are continuously updated.



/ SUPPLY CHAIN

In terms of its supply chain, Kimpex has implemented two mechanisms to assess its suppliers.

Every private brand supplier is subject to an internal audit conducted either by the sales teams or by external agents located in Asia. Suppliers are audited when they are first qualified to work with the company. Thereafter, suppliers are audited on an ad-hoc and random basis throughout the business relationship. Auditors rely on a standard evaluation grid that covers various areas such as ethics, working conditions, occupational health and safety, and product quality.

Kimpex recognizes the importance of promoting ethical practices that respect the rights of workers throughout its supply chain. To this effect, Kimpex maintains long-lasting relationships with many of its suppliers.

/ ASSESSING THE RISK OF FORCED LABOUR AND CHILD LABOUR

Kimpex employees are mostly located in Canada. The authorities in Québec have established a very strict regulatory framework concerning workers' rights and occupational health and safety. As such, the risk of forced labour or child labour in Kimpex's ongoing activities in Canada is very low. Moreover, Kimpex remains committed to conducting regular audits to ensure compliance with ethical practices and the rights of its employees.

Kimpex has not identified any risk of forced labour or child labour in its suppliers. The company acknowledges that the production of its components and manufacturing of the equipment it procures may entail risks concerning working conditions. However, Kimpex does not have any oversight over the supply chain of its suppliers for generic or exclusive brands.

/ CORRECTIVE MEASURES

Kimpex asks that its employees and suppliers report any breach of the Act, its Code of Ethics, or internal policies. Through its Code of Ethics, the company has established a formal reporting process and employees have a duty to report any breach or worrisome situation to their immediate superior, HR representative, representative from the legal department, or a senior manager of the finance team.

In the event a human right is violated, Kimpex undertakes to take all measures necessary to put an end to the situation, prevent any recurrence, and promptly investigate concerns, complaints, or incidents in an impartial manner while respecting the principles of confidentiality.

Kimpex has never received any complaint related to forced labour or child labour with regards to its activities or supply chain, and has therefore taken no corrective or compensatory measure.



/ TRAINING

New Kimpex employees are required to follow an onboarding training activity that is tailored to the employee's role within the company. Kimpex also provides training to employees with regards to the company's values, ethics, and occupational health and safety.

As of May 31, 2025, the board of directors, executive committee, and certain Kimpex employees concerned by this issue have been notified of the requirements of the Act, but the company had not developed a specific training for employees regarding forced labour and child labour in its supply chain.

/ EVALUATING EFFICIENCY

Kimpex has not implemented any processes to evaluate the efficiency of its approach to prevent and mitigate the risks of forced labour and child labour in its supply chain.

/ APPROVAL AND ATTESTATION

In accordance with the requirements of the Act, specifically section 11, in my capacity as President I attest that I have reviewed the information in this report on behalf of the board of directors of the above-mentioned companies. Based on my knowledge and after exercising due diligence, I attest that the information contained in this report is true, accurate, and complete in all material respects for the purposes of the Act, for the reporting year indicated in this report.

Signed in Drummondville, Québec, this 29th day of May 2025.

/s/ Gilles Soucy

Gilles Soucy, President

I am duly authorized to sign on behalf of Portefeuille Kimpex Inc.