

Monterey Group

**Fighting Against Forced Labour and Child Labour in Supply Chains Act.**

For the fiscal year ending March 30, 2024

As of November 2024

The Monterey Group is committed to complying with current Canadian and American laws and to promoting and protecting human rights in its internal operations and international supply chain. In accordance with Section 11 of the "Fighting Against Forced Labour and Child Labour in Supply Chains act," we present our annual report on the measures taken to prevent and mitigate the risks of forced labor and child labor.

### **Our business structure, activities and supply chain**

The Monterey Group is a Canadian-controlled private corporation operating in the textile and composites manufacturing sector. The head office is located in Drummondville, Quebec, Canada, and we employ hundreds of employees in Canada and dozens of employees outside of Canada. The company owns manufacturing plants and a distribution center in Canada, controls entities in Canada and abroad, and markets its products nationally and internationally. We also import goods and raw materials from outside Canada.

The headquarters is located in Drummondville, Quebec, Canada. The Monterey Group manages assets worth over 20 million dollars, generated revenue of over 40 million dollars in the past two fiscal years and employs hundreds of employees in Canada and tens of employees outside Canada. We are therefore required by the current law to prepare this report.

Our supply chain includes several suppliers in North America, Europe, and Asia. The majority of our suppliers are located in North America and Europe, which reduces the risks of forced labor and child labor in our supply chain.

### **Policies and Due Diligence Processes**

As a North American company, we are committed to complying with all applicable laws in the territories where we operate. We adhere to labor standards and are proud to offer hiring conditions that exceed legal requirements. Upon hiring, each employee must read and sign strict policies and must commit to complying with the laws. Each group entity hires its employees, ensuring strict legal compliance in our internal operations. Our facilities are regularly inspected, and the Monterey Group is committed to providing a healthy work environment where employees have the opportunity to express themselves and negotiate freely with management.

Regarding our supply chain, although we do not yet have a specific written policy on forced labor and child labor, we are aware of this issue and have already taken actions to mitigate these risks associated in globalization. We have initiated a process to formalize such a written policy as soon as possible.

## **Measures Taken to Prevent and Reduce the Risks of Forced Labor and Child Labor**

The Monterey Group has established an ongoing process to prevent and mitigate the risks of forced labor and child labor in the supply chain.

Some of our suppliers are located in high-risk areas in Asia. This year, we are working with a new supplier located in North America, replacing an Asian supplier. This new supplier was visited by one of our buyers, giving us great assurance regarding the respect for human rights, the proper treatment of employees, and the absence of child labor in this facility.

As of the writing of this report, we have initiated a process to map the supply chain and high-risk geographical areas as comprehensively as possible. We have identified risks related to certain areas, but no elements allow us to conclude human rights violations by our suppliers. We have begun to send compliance requests to some of our suppliers to confirm that their practices and those of their suppliers respect human rights and do not involve forced labor or child labor and we plan to expand our compliance requirements to all our raw material suppliers for the 2024-2025 fiscal year

## **Measures Taken to Remedy Income Losses of Vulnerable Families Caused by Our Supply Chain Measures**

Not applicable. We have not identified forced labor or child labor in our supply chain. Although we have changed some suppliers, we are a relatively small player in the global textile industry, and we have no reason to believe that our actions have led to job or income losses for individuals, given the volume of our purchases relative to the total production of these suppliers.

## **Training Provided to Employees**

To date, no specific training has been provided on this topic. However, we have initiated discussions to identify appropriate training to offer. We plan to provide training to our buyers as soon as possible.

## **Evaluation of Our Efforts and Actions**

Regarding our internal operations, we are very confident in complying with the laws. Employee identities are verified by our human resources services, negotiations between management and employees are conducted at regular intervals, and complaint handling procedures are in place to assist employees with any ethical issues they may encounter.

Regarding the supply chain, the risk identification and the changes in suppliers made during the last fiscal year allow us to assert that the risks related to forced labor and child labor have decreased compared to the previous year.

## Approval and Certification

This report is the official annual report and is not a revised report. The Monterey Group conducts its operational activities in Canada and the United States and is required to comply with the “Alabama Child Labor Laws”, the “Fair Labor Standards Act”, as well as the Canadian law “Fighting Against Forced Labour and Child Labour in Supply Chains Act.”

This report is approved by the president of the Monterey Group and encompasses the following companies: Filspec Inc., 9086-1576 Québec Inc., Texonic Inc., Textiles Monterey (1996) Inc., Textiles Titan International Inc., 3191737 Canada Inc., 9031-1606 Québec Inc and Lincoln Fabrics Inc. for the fiscal year ending March 30, 2024.

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 for the entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate, and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Gilles Desmarais

President

11-12-2024

(signed) Gilles Desmarais I have the authority to bind the Monterey Group.