

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

### **2024 Annual Report**

<b>Reporting Entity Legal Name</b>	<b>Acklands-Grainger Inc.</b>	<b>WFS Ltd.</b>
<b>Financial Reporting Year</b>	2024	2024
<b>Business Number</b>	889701272	864651203
<b>Identification of Joint Report</b>	Yes	Yes
<b>Reporting in Other Jurisdictions</b>	No	No
<b>Entity Categorization</b>	Corporation	Corporation
<b>Sector / Industry</b>	Wholesale/Retail Trade	Wholesale/Retail Trade
<b>Location</b>	123 Commerce Valley Dr. E., Suite 700, Thornhill ON L3T 7W8	730 North Service Rd., Windsor, ON, N8X 3J3

In 2024, the Grainger organization focused on executing on the process and tools developed in 2023 in support of our Supply Chain Transparency program. As a distributor of products, our focus has been centered around our vendor partners whose products we sell in Canada. Details of our 2024 progress of our program are outlined below.

#### **A. Overview of Business Structure and Activities**

Acklands-Grainger Inc. (d/b/a “**Grainger Canada**”) and WFS Ltd. (“**WFS**”, and collectively in this report referred to as “**we**”, or “**us**”) are Canadian B2B distributors of industrial products focused on the maintenance, repair, and operations (“**MRO**”) industry in Canada. Collectively, we offer over 500,000 SKUs to support the needs of our Canadian customers, and are among the largest MRO distributors in Canada.

Grainger Canada is a corporation amalgamated under the *Canada Business Corporations Act* and employs approximately 1600 employees across Canada. Grainger Canada operates from over 40 Canadian locations, which includes branches, distribution centres, service centres, and office locations. A list of branch and service centre locations can be found at [All Branches - Grainger, Canada](#). Grainger Canada is a wholly-owned subsidiary of W.W. Grainger, Inc. (“**Grainger US**”, and collectively with Grainger Canada and WFS, “**Grainger**”), a publicly listed company domiciled in the United States. Grainger Canada’s business solely focuses on Canadian business and targets the needs of customers in Canada.

WFS is a corporation amalgamated under the *Ontario Business Corporations Act*. WFS operates from four retail and warehouse locations in South-Western Ontario, and employs

approximately 250 employees. A list of WFS locations can be found at <https://www.wfsltd.com/en/locations>. WFS is a wholly-owned subsidiary of Grainger Canada, and focuses on servicing the MRO needs of customers primarily in the South-Western Ontario corridor.

Grainger Canada and WFS are distributors of finished products, and do not engage in manufacturing activities. We share a broad overlap of products with one another, and also with our parent company, Grainger US. While we have many local vendor relationships in support of our business, we also share vendor relationships with Grainger US, and may also source from Grainger US for supply of products that we sell in Canada.

Vendor partners whose products we distributed include many of the national brand manufacturers of tools, hardware, safety and cleaning suppliers, but also include niche manufacturers of specialty industry-specific products. Many vendor partners have supply chains that are global in nature. When we onboard a new vendor and new product into our assortment for distribution, we collect a wide variety of information about the vendor and the product, including the vendor's operations and the origin of the product. Such information assists in our ability to identify forced labour and child labour risks within our supply chain using the risk matrix we created specific for our business in the prior reporting year.

## ***B. Overview of Policies and Due Diligence Processes***

### ***a. Foundational Policies***

Grainger's [Business Conduct Guidelines](#) ("BCGs") sets forth our expectations on how we do business as an organization. We have formally memorialized our commitment to a responsible supply chain in our BCGs, including conformity with all applicable rules and standards related to sourcing, manufacturing and labour, and the International Labour Organization ("ILO") convention and its forced labour indicators. Our BCGs apply to all employees, as well as other stakeholders of our business.

Supplementing the BCGs, the [Grainger Human Rights Principles](#) apply to all employees. This statement provides more detail regarding our philosophy on how we will conduct our business and our commitment to uphold and respect internationally recognized human rights standards in the UN Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social, and Cultural Rights, and ILO convention.

We expect our vendors to source responsibly and to ban the use of forced/child labour in any of their operations and supply chains. In operationalizing these commitments, we contractually require that all of our vendors adhere to the Grainger [Supplier Code of Ethics](#), which includes the guiding frameworks and definitions to the ILO convention. The Supplier Code of Ethics focuses on key areas of ethical sourcing, including human rights and labour standards, and health and safety standards. Under our vendor contracts, we have audit rights that may be exercised to ensure vendors adhere to their contractual commitments.

### *b. Due Diligence Procedural Activities*

As outlined in our previous 2023 report, Grainger made significant strides in the development of our Supply Chain Transparency program. Those prior activities created cornerstones for our program and include the following activities and milestones:

- created an organization-specific risk matrix to aid in categorizing and triaging our product vendor network;
- defined and adopted third-party audit standards acceptable to the organization;
- implemented new software tools to enable enhanced screening, supply chain mapping, validation, and audit functions; and
- performed preliminary diligence of higher risk suppliers using our new risk matrix and software tools.

Our goals and actions taken in 2024 have been focused on continued execution of our diligencing activities, leveraging and building upon our milestones from the prior year. These activities include the following:

#### **We performed risk rating and screening of Product Suppliers and Indirect Procurement Suppliers.**

- In 2023, after creation of our risk matrix and implementation of our new software tools, we had initially focused our risk rating and screening activities on our product vendors. In 2024, we expanded our activities to include our indirect procurement suppliers. Indirect procurement suppliers are those from whom Grainger purchases goods or services for the operation of our business.
- In 2024, we screened nearly 7,000 suppliers and assigned each an inherent risk score using our internal risk matrix to identify the highest potential for forced labour in the Grainger supply chain. These scores were used to prioritize supplier requirements for self-assessment questionnaires (SAQs) and/or audits. Approximately 61% of the highest risk suppliers by spend were actioned for SAQs and/or scored audits.
- Of the audit results reviewed, 5% of audits yielded findings of ILO risks warranting follow-up re-audits; while a majority of the re-audits are in process, a portion of the re-audits have been completed with risks remediated.

#### **We created a Supply Chain Transparency Committee.**

- In addition to a core team focused on execution of our program, we created a Supply Chain Transparency Committee comprised of senior leaders within supplier management and stewardship, merchandising, legal, and global trade compliance. The purpose of this committee is to provide directional guidance and

senior level support to ensure that any follow up activities requiring additional resources can be appropriately prioritized.

### C. Direct Remediation Activities

#### *a. Measures taken to remediate forced/child labour.*

Other than execution of our program to identify risks and surveil our suppliers, Grainger has not taken any direct measures to remediate forced/child labour in 2024.

#### *b. Measures taken to remediate the loss of income resulting from measures taken to eliminate forced/child labour.*

Grainger has not taken direct measures to remediate the loss of income resulting from measures taken to eliminate the use of forced/child labour in 2024.

### D. Training Activities

Our BCGs reflect our commitment to a responsible supply chain that includes our expectations that (i) our vendors source responsibly and ban the use of forced/child labour in their operations, and (ii) that our employees adhere to internal sourcing policies. All Grainger employees are required to annually certify to their commitment to adhere to our BCGs.

Grainger has not yet undertaken a formal training program specific for forced/child labour.

### E. Assessment of Program Effectiveness

In 2024, Grainger has focused its efforts on executing on our vendor diligence program, and we expect that refining our protocols will be an ongoing process. We expect to develop meaningful metrics to assess the effectiveness of our program in preventing and/or reducing forced/child labour as our program matures.

***Approval and Attestation***

In accordance with the requirements of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (Act), and in particular section 11 thereof, I, in the capacity of Secretary and Board Director, attest that I have reviewed the information contained in the report on behalf of the governing body of 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 within this report.

*Full Name:* William Chung

*Title:* Secretary, Board Director, Grainger Canada, WFS Ltd.

*Date:* May 29, 2025

A handwritten signature in cursive script, appearing to read 'W. Chung', written in black ink.

*I have the authority to bind Acklands-Grainger Inc. d/b/a Grainger Canada and WFS Ltd.*