

Introduction

This report has been prepared by Graybar Canada in accordance with our legislative obligations under Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (Forced Labour Act) to describe steps taken to reduce the risks of forced labour and child labour.

Steps Taken in the Previous Fiscal Year

During the previous fiscal year ended December 2023, Graybar Canada developed and began implementing its environmental, social, and governance (ESG) Strategy. As part of this strategy, two priority areas identified in human rights due diligence were: 1) Supply Chain Governance and Sourcing Principles, and 2) Labour Practices and Human Rights.

Currently, we are actively working towards achieving the goals set for these priority areas. These goals include creating a supply chain map to assess risks such as modern slavery, developing training modules on forced labour and child labour for employees, and establishing a standardized supplier assessment checklist to evaluate environmental and social impact in our supply chain. Additionally, Graybar Canada has initiated engagement with suppliers to address practices within the supply chain that may increase the risk of forced labour and/or child labour.

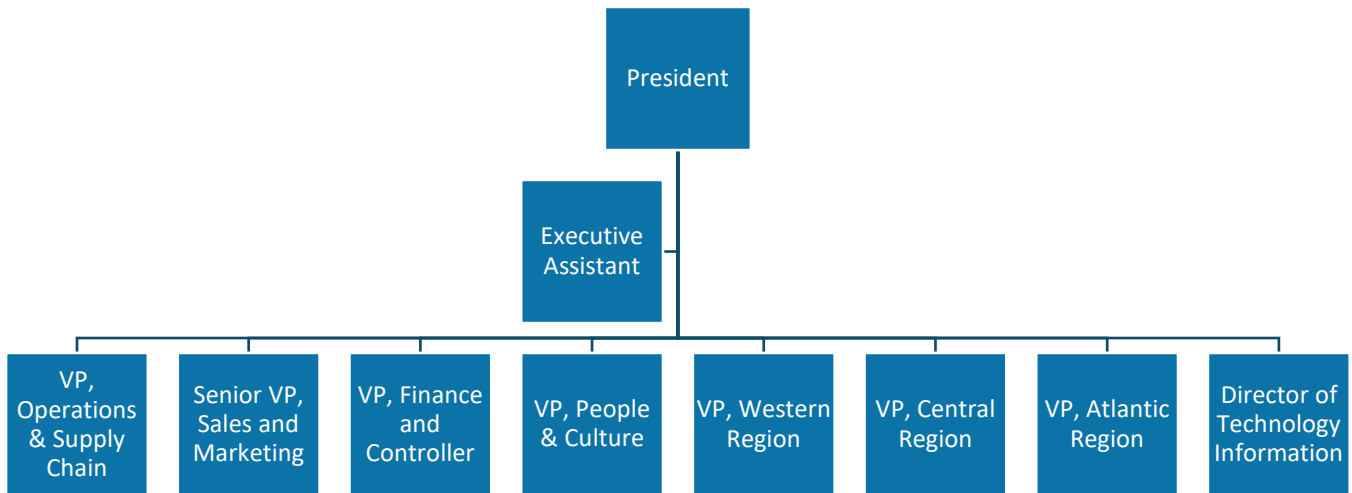
In 2023, we reached out to suppliers to understand and account for any specific actions they are taking to minimize the risk of forced labour and child labour in their operations. Subsequently, we expanded our engagement with a larger number of suppliers to further our supply chain mapping and inform our risk assessment.

We have completed the initial phase of our supply chain mapping to identify the locations of our significant Tier 1 and Tier 2 suppliers. We have also conducted a preliminary assessment of forced labour and child labour risks within our supply chain.

Organizational Structure

Graybar Canada is private corporation and a subsidiary of Graybar Electric Inc. With headquarters in Halifax, Nova Scotia and nearly 650 employees, Graybar Canada operates over 30 branches across the country. Our mandate is to go beyond the role of an electrical product distributor by creating innovative and sustainable solutions for our clients.

The diagram below illustrates our organizational structure at the senior level.



Activities

Graybar Canada is a wholesale distributor of goods within Canada. We work with key manufacturing partners to deliver products across nine verticals: automation, lighting, communications and data, electrical, wire and cable, energy, oil and gas, security and technology, utility, and broadband service. Graybar Canada also develops innovative solutions for customers across various industries such as commercial, government and institutional, industrial, renewable energy, and residential.

Supply Chain

The direct suppliers of the products that Graybar Canada distributes are well-established and known for excellence in their respective fields. Given the size and complexity of our supply chain, we have selected our most significant suppliers representing the largest categories of procurement expenditure for focused attention.

In 2023, approximately **60%** of Graybar Canada’s total spend was with **26** suppliers, all of whom are manufacturers. The largest portion of our supplier spend occurred with businesses located in Canada (See table).

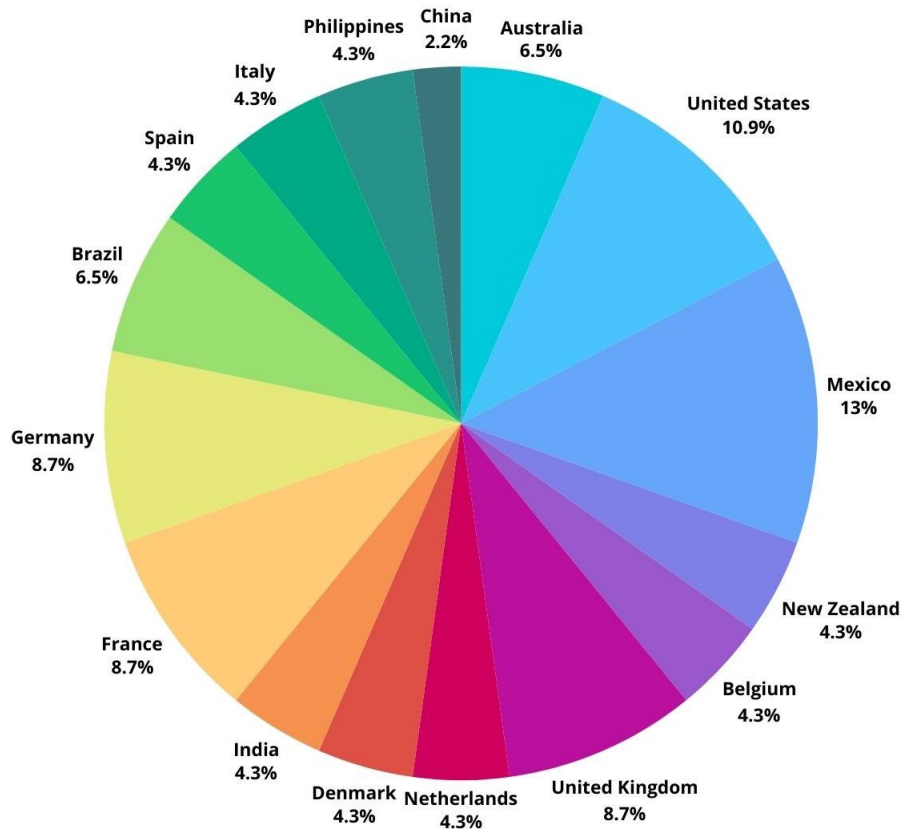
Country	# of Suppliers
Canada	17
United States	8
Mexico	1

We developed an online survey to involve our major suppliers and gather additional details about their other facilities, their own direct suppliers (which are Graybar Canada’s Tier 2 suppliers), and their policies and due diligence processes. The survey was active from March 18 to April 25, 2024, resulting in a response rate of 46%. Below, we outline the findings pertaining to Graybar Canada’s supply chain map, while the survey data relevant to risk analysis is presented in the subsequent section of this report.

Tier 1

Tier 1 refers to our direct suppliers.

Where we deal with our direct suppliers’ operations in North America, we have identified the locations of their additional offices and facilities.



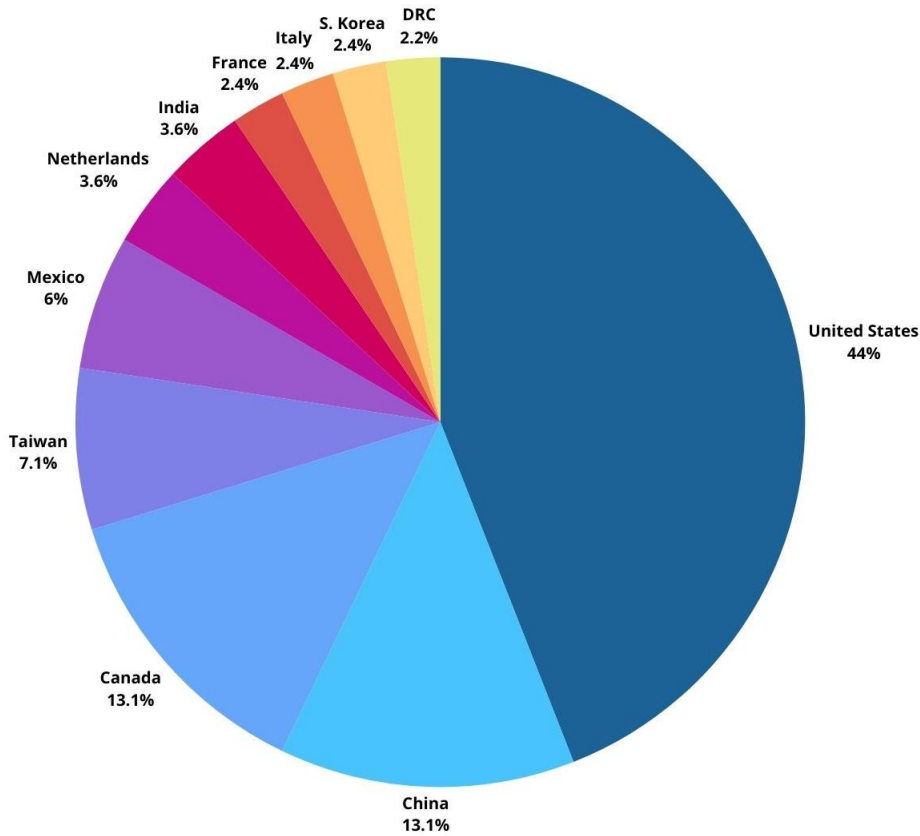
Not depicted in this diagram are locations in which only one (1) office or facility was identified, and includes the following countries: Poland, Ireland, Portugal, Sweden, Switzerland, Columbia,

Czech Republic, Romania, Malaysia, Taiwan, Thailand, Austria, UAE, Singapore, Japan, Qatar, Kuwait, Saudi Arabia, Finland, and Hong Kong.

Tier 2

Tier 2 refers to the suppliers of our Tier 1 (i.e. direct) suppliers.

Over half of the Tier 2 suppliers identified for this reporting period are located in North America (Canada, United States, and Mexico).



Not depicted in the diagram are locations where only one (1) Tier 2 supplier was identified, and includes the following countries: Germany, Brazil, Romania, Czech Republic, Philippines, Indonesia, Luxembourg, Vietnam, and Ghana.

Policies and Due Diligence Processes

Below are descriptions of our current policies and due diligence processes that relate to forced labour and child labour, which – while not directly addressing forced labour and child labour – are designed to ensure compliance with laws, ethical business practices, fair treatment of employees, and thorough assessment of supplier quality and risk. These measures collectively work to mitigate the risk of modern slavery within Graybar Canada’s operations and supply chain.

Code of Business Conduct and Ethics Policy

This policy sets ethical standards for employees, emphasizing honesty, integrity, respect, compliance with laws, and loyalty to the company. Employees are required to adhere to the highest ethical standards and comply with all applicable laws. The policy also addresses conflicts of interest, confidentiality, fair dealing, compliance, political activity, and procedures for reporting illegal or unethical behaviour. It has been adopted by the Board of Directors to promote honest and ethical conduct, protect company assets, and ensure proper disclosure of financial information.

Employment Policy

Workplace Conduct Policy: This policy sets the expectations for professional behavior, prohibits demeaning or exploitative material, and requires adherence to the company's standards. Work hours are flexible, subject to manager approval, and rest periods follow provincial standards.

Employment Diversity, Equity, and Inclusion Policy: This policy outlines Graybar Canada’s commitment to fostering a diverse, inclusive, and equitable work environment. It acknowledges the importance of employment equity and aims to address historic disadvantages faced by designated groups.

These policies aim to guarantee fair treatment for all employees, offering equal opportunities for employment and career advancement.

Supplier Qualification and Evaluation Process

Graybar Canada follows a structured procedure for onboarding and assessing suppliers. Initially, a request to add a supplier is submitted, and then the National Product Manager reviews and gathers the Supplier Quality and Risk Questionnaire. Upon approval, the request proceeds to Enterprise Support for entry into the database. Here, the supplier's details, including the questionnaire and supporting documents, are made available.

Forced Labour and Child Labour Risks

Risk Identification

We define 'risk' as the likelihood of Graybar Canada being involved in or contributing to forced labour and child labour within our operations and supply chain. In simpler terms, it refers to potential harm to individuals throughout our value chain.

We minimize the risk of forced labour and child labour in our own operations by strictly enforcing and adhering to our code of conduct, business ethics policy, employment policy, and all others. Thus, the subsequent analysis will focus on assessing the risk of forced labour and child labour in our supply chain. We have begun identifying these risks and will continue to work toward greater visibility into our Tier 2 and Tier 3 supply chain (i.e. our *indirect* suppliers) to have a better understanding of the risks that may be present.

In the interim, using the information collected from our survey, we have identified three category types to assess the risk of forced labour and child labour: **geographic risk**, **sector and industry risk**, and **entity risk**. Overall, the category of sector and industry risk carries the greatest potential for forced labour and child labour, particularly in the upstream production of electrical, automation, energy and communication products as it relates to the mining of minerals.

Graybar Canada remains dedicated to maintaining ethical standards throughout our supply chain. Our initial assessment (refer to the table below) has identified areas of potential concern regarding suppliers in regions with elevated risks of modern slavery and materials used in the manufacturing sector. It's important to note that these findings do not imply any wrongdoing or issues identified. Instead, we are actively pursuing a more comprehensive investigation into these risks and are prepared to implement corrective actions if needed.

Category	Explanation	Analysis	Risk Level
Geographic Risk	This refers to the risk of forced labour or child labour occurring in specific regions or countries within our supply chain. There are varying levels of enforcement of labour laws, cultural norms, economic conditions and political stability, all of which can influence the prevalence of modern slavery.	Our Tier 2 supply chain poses a moderate risk of forced labour and child labour, with the majority of suppliers located in developed or developing nations where the estimated prevalence is 8 or lower (GSI). On the other hand, we have identified a potential area of concern with the facility locations of our direct suppliers, particularly those situated in the Middle East. Countries	Medium

	<p>We have analyzed our suppliers' geographic risk by leveraging data from the Global Slavery Index (GSI) 2023. A risk rating was assigned to each country that appeared in our Tier 1 and Tier 2 supply chain based on the estimated prevalence of modern slavery (number of people living in modern slavery per thousand). These scores were assigned as follows: Low (0 to 3), Medium (3 to 8), High (8 to 15), Very High (15+).</p>	<p>in this region face a high to very high risk of forced labour or child labour due to the prevalence of migrant workers and human trafficking. Additionally, factors such as conflict, political instability, economic shocks, and climate change further exacerbate the risk of modern slavery in this region (GSI).</p>	
<p>Sector and Industry Risk</p>	<p>This relates to the risk of forced labour or child labour within specific sectors or industries where our products originate from. Some industries are historically associated with higher risks of labour abuses due to factors such as low wages, seasonal work, informal employment practices and subcontracting arrangements.</p> <p>Our suppliers operate in the manufacturing sector, working predominantly in the electrical, automation, energy, and communications and data industries.</p> <p>We have assessed these risks using datasets from the 2022 US Department of Labour List of Good Produced by Child Labour or Forced Labour and the 2022 International Labour Organization (ILO) Global Estimates of Modern Slavery Report.</p>	<p>The manufacturing sector is among the top five sectors globally associated with forced labour, particularly in lower tiers of the supply chain where raw materials are transformed (ILO). Therefore, our work with manufacturers increases the risk of forced labour and child labour in our supply chain. To conduct a deeper assessment of this risk, a comprehensive understanding of our upstream supply chain is needed.</p> <p>Solar cells and panels, key components in solar modules, pose a significant risk of forced labour, notably in polysilicon production in China (US Department of Labour). However, most solar products containing inputs produced with forced labour are used domestically in China. These product types also constitute a minor portion of Graybar's offerings.</p> <p>There is also a risk of child labour in Graybar's upstream supply chain, particularly in the mining of minerals like cobalt ore and copper in the Democratic Republic of the Congo (DRC), which are used in various electrical, automation, energy, and communications products. Other high-risk inputs include tin, gold, and silver (ILO).</p>	<p>High</p>

		<p>Notably, a small portion (2.2%) of Graybar's Tier 2 suppliers is located in the DRC, but further investigation is needed to understand the exact nature of this risk (i.e. conducting an audit or requesting a supplier self-assessment).</p>	
<p>Entity Risk</p>	<p>This refers to the risk of forced labour or child labour within our direct suppliers' operations. We have evaluated our suppliers' risk based on whether there are policies and due diligence processes in place that assess and manage human rights risks including forced labour and child labour.</p> <p>For future assessments, evaluating entity risk can be conducted via audits to assess the labour practices and compliance of our suppliers.</p>	<p>Of our suppliers who provided information on their policies and due diligence processes, the majority are rated to be low risk (83%). These suppliers indicated moderate to high visibility over their supply chain, have a supplier code of conduct that covers forced labour and child labour, and systematically conduct other due diligence activities to ensure modern slavery is not being used in their supply chains.</p>	<p>Low</p>

Risk Management

Graybar Canada has not set out policies or procedures to directly manage the risk of forced labour and child labour in its supply chains. However, we are actively engaged in ongoing efforts to enhance our risk management strategies, in part to our commitment in improving our processes around 'Supply Chain Governance and Sourcing Principles' as defined in our ESG Strategy. Presently, the Supplier Qualification and Evaluation process includes a thorough review of supplier quality and a risk questionnaire prior to onboarding a new supplier.

Remediation Measures

Given the early stage of our risk assessment and risk management procedures concerning the presence of forced labour and child labour in our supply chains, we have not explored remediation measures thus far. Likewise, we have not taken any measures to remediate the loss of income to the most vulnerable families resulting from measures taken to eliminate the use of forced labour or child labour in our activities and supply chain.

Training

Graybar Canada did not offer training to employees on forced labour and child labour in the 2023 fiscal year. Nevertheless, there is a distinct focus on enhancing performance in human rights due diligence identified within our ESG Strategy. As part of this initiative, we are currently developing training and awareness-building materials specifically addressing forced labour and child labour.

Assessing Effectiveness

Regarding our supply chain, Graybar Canada currently does not have policies and procedures in place that directly relate to the assessment of our effectiveness in ensuring that forced labour and child labour are not being used. However, as part of our ESG Strategy implementation, we are currently developing risk assessments and audits to systematically monitor and assess forced labour and child labour risks within our supply chain.

Approval

This report was approved by the Board of Graybar Canada Limited.

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 entity 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.

Matthew W. Geekie
Chairman, Vice President, and Assistant Secretary
Graybar Canada Limited

5/28/2024

Date

Matthew W. Geekie

Signature

I have the authority to bind Graybar Canada.