



# 2026 Supply Chain Risk Assessment Report

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## Approval & Attestation

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 or 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.



**Darrin Noble**  
President and Chief Operating Officer

**May 29, 2026**

*I, Darrin Noble, have the authority to bind Cloverdale Paint Inc.*

## Executive Summary

Internal policies, documents, and supplier lists were reviewed to assess the risks of forced labour, child labour, and modern slavery in Cloverdale Paint's supply chain. Policies and procedures for the hiring of CPI employees are centralized and these documents and processes were reviewed.

Evaluation of supply chain considering criteria such as supplier type, regions of operation, governance programs, signed codes of conduct to Cloverdale Paint, completed questionnaires to Cloverdale Paint, participation in third-party assessments/audits, and prior submission of S211 reports were considered.

- 83% of suppliers were classified as "low risk"
- 13% of suppliers were classified as "moderate risk"
- 4% of suppliers were classified as "elevated risk"

Risk mitigation actions, which are already underway, include Cloverdale-issued third-party audits through our partnership with QIMA as well as targeted questionnaires. To-date, no cases of noncompliance have been found; potential risk points were addressed through third-party corrective action. In the event of noncompliance, Cloverdale Paint will take remediation actions as required on a case-specific basis.

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## Scope & Accessibility

This report, as prepared for the Canada Bill S-211 submission deadline of May 31st, 2026, covers Cloverdale Paint Inc's (BIN# 101016921, CPI herein) supply chain operations as a single entity for the 2025 fiscal year (Jan. 1st, 2025, to Dec. 31st, 2025). CPI does not operate in any additional jurisdictions that may result in an overlap of reporting requirements.

This report covers CPI's internal and supply chain activities in the context of CPI's activities as a manufacturer, distributor/reseller, and importer of paints and coatings. CPI maintains its head office location at 400-2630 Croydon Drive Surrey, BC, V3Z 6T3, with manufacturing and branch operations in BC, AB, SK, MB, ON, and QC.

Published versions of the report are made available to the public on CPI's website [www.cloverdalepaint.com](http://www.cloverdalepaint.com), and issued to shareholders as required by the Canada Business Corporates Act.

## Section 2

### Documented Information & Verification

#### 2.1 General

CPI's general supporting documentation outlining stance, reporting, and remediation is available through

- The company website ([www.cloverdalepaint.com](http://www.cloverdalepaint.com))
- CPI's [Code of Ethics and Business Conduct](#) – this guiding document has been developed by CPI and issued to all staff as internal training for employees at all levels

#### 2.2 Internal Hiring Practices

As part of its commitment to ethical hiring practices, CPI documents and maintains policies and procedures for the hiring of employees. Hiring practices are centralized through CPI's Human Resources department, conducted in accordance with employment standards, and is subject to a high level of oversight.

## 2.3 Procurement & Supply Chain

Mitigating risks associated with forced labour, child labour, and modern slavery are considerations in developing CPI's sustainable supply chain. Procurement assesses these risks through the following means:

- Supplier Code of Conduct – Signed upon partnership with suppliers
- Sustainable Procurement Policy – Required training for purchasers on identifying risks, remediation procedures, and reporting pathways
- Supplier questionnaires where required
- Assigned third-party audits where required

## 2.4 Third-Party Verification

CPI participates in the following third-party verification activities to monitor implementation and effectiveness of its internal practices:

- EcoVadis – annual EcoVadis assessments in partnership with our customers directly assesses CPI's systems in the prevention of forced and child labour
- ISO 9001:2015 – annual surveillance audits, although not directly targeting forced and child labour, assess hiring and training practices. In the event of legal noncompliance, major conformities are noted.

# Section 3

## 3.1 Supply Chain Map

Figure 1 outlines CPI's supply chain mapping by region used as the basis for supply chain risk assessment.

Region groupings are classified by regions in which a supplier has operations and are not necessarily restricted to where raw materials are purchased from the supplier, especially in the case of distributors who often sell domestically but source internationally.

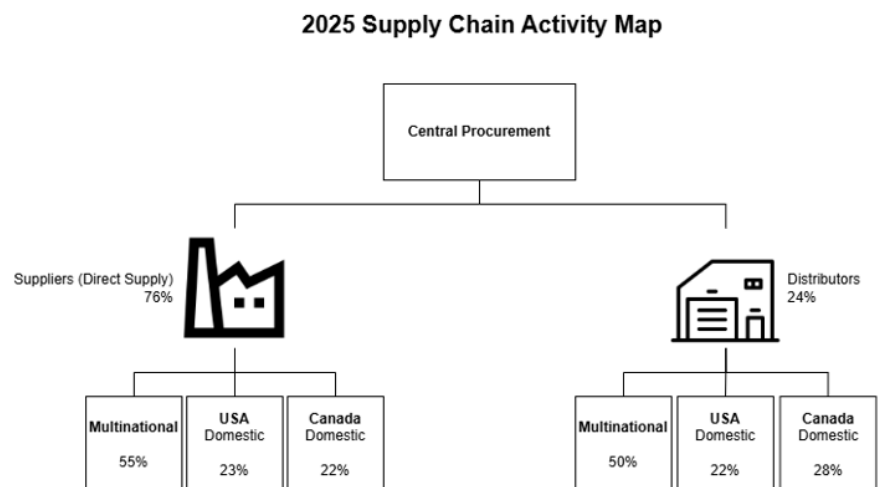


Figure 1: CPI supply chain map by region expressed as a percentage of total supplier base by count

### 3.2 Preliminary Risk Assessment

Risk assessment was performed on relevant suppliers (suppliers who provided > 0.01% of total volume in 2025).

Risks were assessed based on review of available supplier documentation and signed conduct/contractual documentation. The figures shown below form the basis for quantitative risk scoring in section 3.3.

### 3.3 Evaluation Criteria

Considering Section 3.2, quantitative assessment criteria were assigned as shown in the table below. Organizations were rated/credited based on the criteria, with a higher rating correlating to greater risk in CPI's supply chain.

Table 1 below outlines criteria for issue of points and credits to suppliers.

- Points issued based on supplier operations correlate to greater potential risk
- Credits awarded for risk mitigation activities count towards reduction in potential risk

**Table 1: CPI supply chain risk rating index**

CATEGORY	CRITERIA	POINTS	CREDITS
<b>Base Risk Factor by Annual Purchase Volume</b>	1 + Normalized Purchase Quantity Applied to all suppliers Minimum points of 1 <i>Small supplier, &lt; 0.1% total purchase volume</i> Maximum points of 2 <i>Large supplier, ≥ 0.1% total purchase volume</i>	1 - 2	
<b>Supplier Line</b>	Main / Resale – Part of CPI's core supply chain, as outlined in Table 1  Offset	1	
<b>Supplier Type</b>	Direct Supplier  Distributor – Verified by external assessment  Distributor – Unverified by external assessment	1	
<b>Operating Country</b>	TVPA 1 Countries  TVPA Tier 2+ Countries	1	

CATEGORY	CRITERIA	POINTS	CREDITS
Operational Scope	Domestic		
	Multinational	1	
<b>CREDITS</b>			
Corporate Social Responsibility (CSR) Program	Complete		1
Supplier Code of Conduct	Signed		1
	None		
CPI Questionnaire	Completed		1
CPI-Issued Third-Party Audit	Completed with adequate results		1
Prior Year S211 Report	Complete		1
<b>CREDIT FOR ONE OF THE FOLLOWING CATEGORIES LISTED BELOW</b>			
EcoVadis Participation	Platinum/Gold/Silver/Bronze		1
	Participant (No Medal)		0.5
	None		0
Other Relevant Certification	Certified		1
	None		

### 3.4 Primary Assessment | Quantitative Scoring

Utilizing the supplier base from section 3.2 (suppliers who provided > 0.01% of total volume in 2024), the rating criteria from the prior section was applied, returning the following values.

- Average risk rating: 1.26
- Standard deviation,  $\sigma$ : 1.37
- Maximum risk rating: 5
- Minimum risk rating: -2

From this distribution, a secondary assessment threshold rating of 3 was placed indicating higher impact and higher risk categorization. Accounting for approximately 13% of the total supplier base, suppliers with a rating greater than or equal to 3 were selected for secondary qualitative assessment.

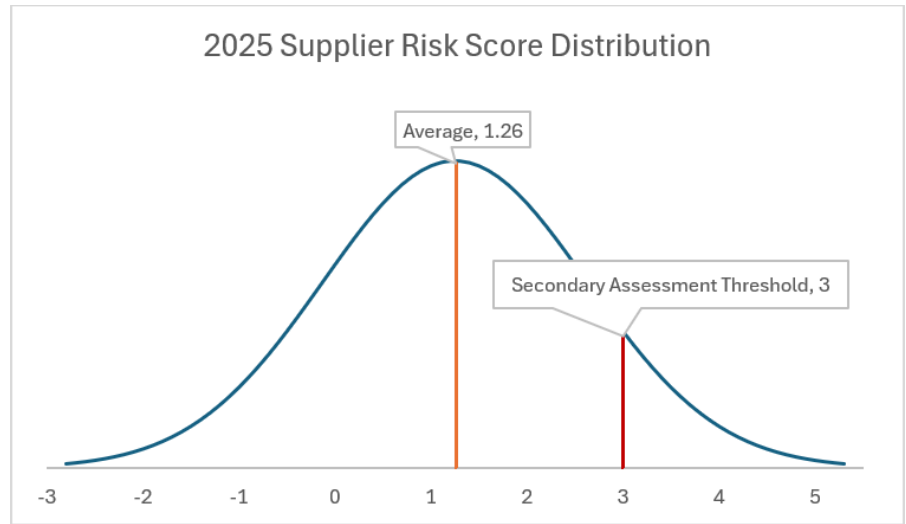


Figure 2: Normal distribution of supplier risk ratings based on criteria in the preceding section, with labelled average rating and standard deviation thresholds, as well as an arbitrary secondary assessment threshold.

### 3.5 Secondary Assessment | Qualitative Flags

Suppliers scoring at or above 3 were selected for secondary review of documented information and qualitative assessment.

As an added layer of precaution, the Procurement group was consulted to provide any additional information of other potential risks, regardless of rating. Qualitative flags were assigned into one of the three categories listed below for further action:

- Eligible for questionnaire
- Eligible for third-party audit
- Eligible for third-party audit pending questionnaire results

Suppliers flagged for secondary assessment primarily lacked publicly available information, with a lesser quantity being located in higher-risk regions. The approximate risk breakdown of the entire supplier base is as follows:

- 83% of suppliers, scoring below the secondary assessment threshold, were classified as “low risk”
- 13% of suppliers, scoring above the secondary assessment threshold, were classified as “moderate risk.”
  - » 11% of “moderate risk” suppliers have been audited and have provided corrective actions.
  - » 89% of “moderate risk” suppliers will be issued a questionnaire with the possibility of potential audit pending questionnaire results.
- 4% of suppliers, scoring above the 3rd quartile, were classified as “elevated risk.”
  - » 50% of “elevated risk” suppliers will be recommended for audit
  - » 50% of “elevated risk” suppliers will be issued a questionnaire with the possibility of potential audit pending questionnaire results

# Section 4

## Risk Mitigation, Corrective Action, & Remediation

### 4.1 Risk Mitigation

Risk assessment in the supply chain occurs regularly, with an annual review performed at minimum. Mitigation of risks associated with forced and child labour include, but may not be limited to:

- Partnership with QIMA to perform ethical audits of high-risk suppliers, especially in TVPA tier 3 regions
  - » Alternative equivalent third-party audit reports (BSCI, SMETA, etc.) are also reviewed and considered.
  - » High risk, flagged suppliers have already been audited or are being scheduled for audits.
- Targeted questionnaires are issued to moderate-to-high risk suppliers to establish better supply chain transparency.
- Regular review of the results and effectiveness of these measures is performed as part of CPI's sustainability/ESG program, with external review performed by EcoVadis.

### 4.2 Corrective Action

In the event of nonconformance or noncompliance, the following actions are taken:

- Suppliers
  - » Major nonconformances require corrective actions and follow-up audits, as determined by our audit partner(s)
  - » Minor nonconformances require corrective actions for follow-up at the next scheduled audit, or as determined necessary by CPI
  - » Major noncompliance will require immediate action and remediation
- Internal
  - » Major nonconformances (none to date) require immediate corrective action.
  - » Minor nonconformances require corrective actions to be built into work plans for future assessments.
  - » Major noncompliance will require immediate action and remediation.

### 4.3 Remediation

To date, no cases of forced labour, child labour, or loss of income to families resulting in measures taken to eliminate the use of forced or child labour, have occurred. In the event cases are identified, CPI will take remediation actions on a case-dependent basis.

