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THE DUFRESNE GROUP INC.
THIRD ANNUAL REPORT UNDER THE
FIGHTING AGAINST FORCED LABOUR AND CHILD LABOUR IN SUPPLY CHAINS ACT

Overview

This is the third annual report of The Dufresne Group Inc. (“TDG”) under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, S.C. 2023, c. 9 (the “Act”). The report is for the fiscal year ending December 31, 2025.

The report includes the following subsidiaries of TDG:

- TDG Furniture Inc.
- DFA Operations Inc.
- Furniture Investment Group

Corporate Overview of The Dufresne Group Inc.

TDG is a retail furniture business with operations across Canada. It owns 12 Dufresne Furniture and Appliances retail locations across Ontario, Manitoba and Saskatchewan, 2 Forever Furniture retail locations in Ontario, as well as the www.dufresne.ca retail website. Dufresne and Forever Furniture stores sell furniture, appliances, mattresses and home electronics.

TDG also owns 39 Ashley Furniture retail locations across Ontario, Manitoba, Saskatchewan, Alberta and British Columbia, as well as the www.ashley.ca retail website. Ashley Furniture sells furniture and mattresses. The business also sells appliances in seven of the 39 retail locations, as well as through the retail website.

TDG is a privately owned business. It meets the threshold for an “entity” under the Act because it generates more than \$40 million in annual revenue and has more than 250 employees. All of TDG’s operations and employees are based in North America and the business follows the applicable North American labour laws.

As a retail business, TDG does not manufacture its own furniture or appliances, nor does it directly or indirectly control any manufacturers. Instead, it sources product from a limited number of large and well-established suppliers with business operations in Canada and the United States. Approximately 95% of TDG’s product is sourced from only 20 vendors.

The following table illustrates the location of TDG’s vendors.

Vendor Location	Approximate Percentage of TDG Product by Value
Canada	22%
United States	71%
Vietnam	4%
Other Asia	3%

TDG's vendors source from manufacturing facilities in Canada, the United States, Mexico, Vietnam, Korea, Thailand, China and Malaysia. Approximately 45% of total goods originate outside of North America. TDG sources internationally manufactured goods through North American direct manufacturers with overseas facilities, as well as through North America based distributors and three Asian direct-sourced manufacturers.

TDG maintains close working relationships with well-established suppliers to ensure ethical manufacturing and labour practices. TDG's values include fair and equitable pay and treatment of employees. It has communicated those values to its suppliers and expects them to meet the same standard.

TDG Furniture Inc. and Furniture Investment Group are the operating entities for the 39 Ashley Furniture retail locations and are subsidiaries of TDG.

DFA Operations Inc. is another subsidiary of TDG and is the operating entity for Dufresne-branded stores.

The Risk of Forced Labour and Child Labour in TDG's Supply Chain

TDG, through its policies and due diligence practices described more fully below, has assessed that there is a low risk of forced labour or child labour being used in TDG's supply chain. The majority of the furniture and appliances sold by TDG and its subsidiaries are manufactured in North America. The primary non-North American sources of product are Vietnam, South Korea, Malaysia and China. These countries no longer represent a high risk of forced labour or child labour. TDG notes that:

- While of these four countries, the risk of forced labour is highest in Malaysia, the Global Slavery Index ranks Malaysia as "moderate". Malaysia also ratified the ILO Forced Labour Convention, 1930 (No. 29), more than 50 years ago in 1957.
- Vietnam ratified the ILO Abolition of Forced Labour Convention, 1957 (No. 105) in 2020.
- China ratified the ILO Forced Labour Convention, 1930 (No. 29) in 2022.
- South Korea ratified the ILO Forced Labour Convention, 1930 (No 29) in 2021.

While Vietnam represents the highest risk of child labour, the overall prevalence of child labour in Vietnam is comparatively low, with Vietnam ranked in 71st place for child labour participation. To the best of TDG's knowledge, TDG does not source any product from countries in Central Africa for which the rate of child labour is highest. In addition, and as will be explained more fully below, TDG personnel have visited the factories of its key suppliers.

TDG's primary challenge in tracking its supply chain is that the business operates as a retailer only and is not vertically integrated. As such, it must rely on suppliers. While suppliers label the country of origin for assembled products, TDG has no insight as to where the individual components for such products (e.g., the upholstery for furniture) are sourced. TDG has responded to this challenge by requiring its suppliers to complete a supplier questionnaire, detailed in full below.

Training Provided

TDG hired its external legal counsel to review its activities and policies with respect to the purposes and requirements of the Act. As part of this review, the directors on the boards of TDG and its subsidiaries, TDG's advisory board members, the executive across all departments of the business, and all employees with authority over the sourcing of goods attended training sessions in 2024, and are scheduled to attend updated training presentations in Q2, 2026. The training sessions relate to Canada's obligations with respect to the elimination of forced labour and child labour, the specific obligations arising from the Act, and an assessment of TDG's supply chain and resulting risks.

Due Diligence

TDG works with respectable suppliers, many of whom likely also meet the "entity" threshold for reporting under the Act. Before working with a new supplier, it is TDG's policy to make inquiries with the potential supplier about their sourcing practices, compliance with local laws and business customs, and matters relating to product quality and reliability of supply. TDG has integrated inquiries about labour practices into supplier sourcing evaluation and as part of annual business review meetings. TDG has established a process to review the labour practices of its suppliers annually with follow up if there is a non-negligible risk that the supplier may be relying on forced labour or child labour. In keeping with these policies, in 2025, TDG completed its annual supplier sourcing evaluation and reviewed the labour practices of its suppliers. The result was that it did not identify any non-negligible risk that its suppliers were relying on forced labour or child labour.

TDG is also actively meeting with its suppliers and sourcing partners to gain a deeper understanding of their business practices and increase accountability. In 2025, TDG conducted factory visits of key suppliers in Asia. Visits included observation and inquiry with staff and agents who work with the factories.

As part of its due diligence process, TDG requires key suppliers to complete a supplier questionnaire that addresses, among other things, supply chain structure, manufacturing locations, labour practices, and compliance with applicable labour laws. Supplier responses are reviewed by TDG and retained centrally to support consistency, traceability, and year-over-year comparison.

TDG revisits supplier information on a periodic basis and on an exception basis, including where there are material changes in sourcing geography, supplier ownership, or other indicators of elevated risk. Where responses are incomplete or identify potential risk areas, TDG may seek clarification or additional information from the supplier.

TDG also maintains a Supplier Code of Conduct that outlines expectations relating to ethical business practice, compliance with applicable laws, and respect for human rights, including the prohibition of forced and child labour. The Supplier Code of Conduct is communicated to suppliers as part of TDG's overall sourcing and vendor management framework.

TDG notes that its imported products already must comply with the prohibition against forced labour and child labour as set out in the Customs Tariff.

Assessing Effectiveness

TDG assesses effectiveness through a combination of qualitative and process-based indicators, including:

- discussion with supplier partners;
- observation and inquiry as part of site visits for key Asian suppliers;
- completion and review of supplier due diligence questionnaires;
- the quality and completeness of information received from suppliers;
- the identification of supply chain risk factors through geographic or sourcing changes;
- the occurrence (or absence) of issues requiring escalation or remediation;
- retaining external legal experts to conduct training and reviews; and
- periodic internal review of policies, training, and reporting processes.

TDG uses year-over-year comparison of its disclosures and supplier information to identify areas where its approach may be refined or strengthened. This includes evaluating whether due diligence tools remain appropriate, whether internal awareness and training continue to support compliance objectives, and whether reporting reflects current operations and supply chain structure.

Based on these assessments for the 2025 financial year, TDG did not identify any information suggesting its existing controls were ineffective or insufficient. TDG will continue to evolve its approach as regulatory expectations, industry practices, and supply chain risks develop.

Remedying Forced Labour and Child Labour

To date, TDG has not encountered any instances of forced labour or child labour in its supply chain. As such, the business has not had to take any measures to remedy specific misconduct or to remediate the loss of income to vulnerable families resulting from such measures.

In accordance with the requirements of the Act, and in particular section 11 thereof, we attest that we have reviewed the information contained in the report for the entity or entities listed above. Based on our knowledge, and having exercised reasonable diligence, we 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.

May 27, 2026

