

2023 REPORT UNDER THE FIGHTING AGAINST FORCED LABOUR AND CHILD LABOUR IN SUPPLY CHAINS ACT

May 31, 2024



Introduction

This joint report has been prepared by 2022839 Ontario Inc. and its subsidiaries (collectively, "GNK," "we," "us," or "our") in accordance with the Fighting Against Forced Labour and Child Labour in Supply Chains Act (the "Act") for our fiscal year ending June 30, 2023 ("Fiscal 2023"). Throughout this report, we have used the terms "forced labour" and "child labour" as defined in the Act.

GNK acknowledges the risks of forced labour and child labour in the global supply chain. We are committed to continuous improvement in our due diligence, risk assessment, remediation, and training processes. We are also committed to promoting labour practices that protect the safety and human rights of workers, as well as preventing and mitigating the risks of forced labour and child labour in our operations and supply chains. GNK does not knowingly use child labour or forced labour in any of our operations, nor do we knowingly accept commodities, products, or services from vendors that employ or use forced labour or child labour.

Over the course of Fiscal 2023 and the period between July 1, 2023, and the publication of this report, GNK took the following steps to prevent and reduce the risk of forced labour and child labour in our activities and supply chain:

- Formally adopting a Vendor Code of Conduct to comply with reporting requirements and reflect our commitment to mitigating forced labour and child labour risks in our supply chains.
- Developing a supply chain risk assessment process to identify the risk of forced labour and child labour.
- Setting up an Internal Working Group on Modern Slavery whose objectives are to monitor the forced labour and child labour risks, ensure compliance with the legal requirements imposed by the Act, improve supply chain practices and track implementation and results of the various measures taken to reduce the risks associated with forced labour or child labour.
- Updating the Code of Conduct to include more detailed and specific information about forced labour and child labour.
- Deploying initiatives to increase awareness of our existing confidential Ethics and Compliance Hotline as a resource for all workers across our operations, from stores to head office and warehouses, for reporting ethics issues as well as forced labour and child labour concerns.

In 2024, we are implementing these steps:

- Mapping our activities and supply chain by sourcing country and country of manufacture to improve our supply chain risk assessment. Additionally, we will monitor the government-published list of goods produced by forced labour and child labour to ensure compliance.
- Conducting an internal assessment of risks of forced labour and child labour in our supply chain.
- Carrying out a prioritization exercise to focus due diligence efforts on the most severe risks of forced labour and child labour.
- Adopting a Modern Slavery Act Compliance Policy.
- Drafting a compliance provision to be included in future vendor contracts.
- Including awareness materials on forced labour and child labour in the employee training program.
- Providing tailored mandatory training for our procurement team on forced labour and child labour risks.

Structure, Activities and Supply Chain

Since its establishment in 2002, GNK has grown to include a network of eight retail stores and one warehouse across Ontario. Our workforce comprises over 250 dedicated team members in Canada, working in our stores, warehouse, and head office to ensure our customers have access to a diverse array of high-quality products. To meet our staffing needs for retail, plant, and warehouse operations, we partner with a select few third-party employment agencies. Operating as a holding company, GNK conducts its business through its wholly owned subsidiaries: 2024232 Ontario Inc. (operating as Galleria Supermarket), Galleria Express Inc., 2177584 Ontario Inc. (operating as KFT Wholesale Cash and Carry), and Korea Food Trading Ltd. The corporate headquarters of GNK and its subsidiaries are centrally located at 8500 Keele Street, Vaughan, Ontario, Canada, L4K 2A6.

GNK primarily operates retail and wholesale business units. The retail business includes the following grocery banners: Galleria Supermarket, Galleria Express, and KFT Wholesale Cash & Carry. Korea Food Trading serves as a wholesale provider of goods for local businesses and as a food distributor for local restaurants.

Food for You, RPIG Realty Holdings, 1000623576 Ontario Inc., 2057253 Ontario Inc., and 2072298 Ontario Inc. are subsidiaries of GNK Holdings that do not meet the definition of 'entities' under the Act. Therefore, they are not required to publish a report under the Fighting Against Forced Labour and Child Labour in Supply Chains Act. This report does not cover the operations and supply chains of these subsidiaries. Food for You operates a plant producing food products sold at Galleria Supermarket, Galleria Express, KFT Wholesale Cash & Carry, and local grocery stores. RPIG Realty Holdings and 1000623576 Ontario Inc. own and manage real estate assets. 2057253 Ontario Inc. leases a building to sublease to Galleria Supermarket, Galleria Express, and other businesses. 2072298 Ontario Inc. operates a media company producing publications for Galleria Supermarket, Galleria Express, and KFT Wholesale Cash & Carry.

Our sourcing strategy combines directly imported products from overseas with those obtained from North American vendors. Consequently, we maintain extensive business relationships with a diverse array of international, national, and regional vendors. In Fiscal 2023, Korea Food Trading sourced 55% of our total procurement volume from international vendors, predominantly from South Korea, while products from North American vendors represented the remaining 45%. Galleria Supermarket sourced most of its non-perishable products from its sister company, Korea Food Trading, and perishable products from North American vendors.

GNK's retail and wholesale business units source products from over 257 vendors. Since 2003, we have developed direct relationships with overseas vendors. By dealing directly with these vendors, we minimize markups and overhead costs typically associated with intermediaries and importers, thereby increasing our bargaining power. This sourcing strategy also provides us with greater visibility and control over safety and quality monitoring.

Policies, processes and Due Diligence

GNK has put in place policies and due diligence processes to prevent and reduce the risks related to forced labour or child labour in its supply chains. These policies apply to GNK and its subsidiaries, unless otherwise indicated. They reflect our commitment to a workplace free from violence, harassment, and

discrimination, while respecting human rights and ensuring each employee is treated with dignity and respect.

The Code of Conduct for GNK and its subsidiaries outlines the ethical and legal standards expected in personal conduct and business practices. It addresses key issues such as human rights, discrimination, harassment, violence, health and safety, and compliance with laws and regulations. A safe and healthy workplace is paramount at GNK and a shared responsibility among all employees. Employees are accountable for their own health and safety, the safety of others, and adherence to all GNK standards. Any breach of the Code may result in disciplinary action, up to and including dismissal.

The Vendor Code of Conduct sets out GNK's values and expectations for its vendors, agents, consultants, and other third parties. Adopted in light of the Act and its new reporting obligations, it reflects GNK's commitment to monitoring and preventing forced labour and child labour risks in its supply chains. GNK requires its vendors to adhere to the Vendor Code of Conduct and implement its requirements appropriately and proportionally to the nature and scale of their activities, the goods they supply, and the services they perform.

Specifically, the Vendor Code of Conduct strictly prohibits the use of forced or child labour by vendors. It mandates that vendors conduct reasonable due diligence on their own supply chains and operations to ensure there is no use of forced labour or child labour. Additionally, vendors must notify GNK immediately if they become aware of or suspect the use of forced labour or child labour in their business operations or supply chains, including the scope and impact of such occurrences on their business relationship with GNK. Vendors are also required to inform GNK if they become the subject of any investigation or proceedings regarding any offense or alleged offense related to modern slavery laws or regulations.

In 2024, GNK adopted a Modern Slavery Act Compliance Policy to address its obligations and responsibilities under the Act. This policy focuses on the due diligence process for supply chains and the training provided to employees on identifying and mitigating risks related to forced labour and child labour.

GNK has a whistleblowing procedure for anyone who believes a vendor has engaged in illegal, unethical, or otherwise wrongful conduct, or violated the Vendor Code of Conduct. This procedure is also available for those wishing to make disclosures in accordance with the Code of Conduct.

GNK has established an Internal Modern Slavery Working Group to monitor risks associated with forced and child labour in its supply chains. This group ensures compliance, improves supply chain practices, and tracks the implementation and results of measures to reduce these risks. In 2024, the Internal Modern Slavery Working Group began holding meetings to monitor high-risk suppliers.

Forced Labour or Child Labour Risks

All directly employed team members of GNK are provided with working conditions and terms of employment set out in contracts regulated by applicable provincial labor laws. We are committed to a work environment that respects human rights and supports the fair and equal treatment of all individuals. As part of this commitment, we comply with all applicable wage and working hour laws, including those related to minimum wage, overtime, and maximum hours. Additionally, our policy framework aims to prevent and reduce the risks of forced labor and child labor throughout our operations.

For employment agency workers within our retail, plant, and logistics operations, each agency we work with abides by all applicable labor laws and regulations. GNK's whistleblowing and grievance mechanisms are available and communicated to all workers in our facilities, regardless of their status, and all are encouraged to report any issues or concerns confidentially.

As a specialty retailer whose business model revolves around providing Asian products, particularly focusing on Korean items sourced from direct vendors, GNK is aware that its supply chain may present human rights risks. The products we purchase have different social risk profiles based on their nature and the country from which we buy them. We therefore assess human rights risks in our supply chain by identifying risks related to the geography of the countries we source from and risks associated with the type of products.

Our risk mapping is based on information derived from publicly available databases that provide estimated prevalence of forced labor and child labor per country, such as Walk Free's Global Slavery Index and the U.S. Department of Labor's List of Goods Produced by Child Labor or Forced Labor. South Korea, one of our key sourcing countries, is generally considered to be **low risk jurisdiction**¹. While we have greater visibility of our direct vendors, we recognize that the risks of forced labor and child labor extend beyond these vendors and affect various stages of production. Identifying such risks for vendors further down our supply chain, over which we have less control, is more complex. To complement the above measures, in 2024, GNK began a preliminary mapping of its supply chains to identify any risk of forced labor and child labor. Given the preliminary nature of this mapping and the fact that GNK relies on global supply chains, which present visibility challenges, no definitive risk areas have been identified yet. However, supply chain risks will be further analyzed as the assessment process continues in 2024 and beyond. We acknowledge that forced labor and child labor risks, like our global supply chain, are constantly evolving, and we are committed to improving our human rights risk mitigation strategies to ensure their continued relevance. To achieve this, we aim to regularly reassess the risks in our supply chain and proactively identify new areas where human rights risks may arise.

Remediation Measures

GNK has not identified risks related to forced or child labour in its supply chains at the moment. Additionally, we have not identified forced labour or child labour in its own direct operations. Based on the preliminary results of the inherent risk mapping, the Internal Modern Slavery Working Group will develop and implement measures to address any identified risks. Specifically, the Internal Modern Slavery Working Group will establish a process for auditing suppliers that present higher risks and will request these suppliers complete a self-assessment questionnaire to provide more information about their practices and operations. Since we have not yet identified any instances of forced labor or child labor in our activities and supply chains, no measures have been taken to remediate the loss of income to the most vulnerable families resulting from the elimination of forced labor and child labor.

Training

The Code of Conduct, which encompasses human rights, is an integral part of our regular onboarding program for GNK team members. On the supply side, our procurement team is required to familiarize themselves with the Vendor Code of Conduct and are informed about countries and regions subject to

¹ <https://cdn.walkfree.org/content/uploads/2023/09/27165323/GSI-Snapshot-South-Korea.pdf>

Canadian and international sanctions and/or at higher risk of human rights abuses, such as the Xinjiang Uyghur Autonomous Region in China.

In 2024, GNK introduced tailored, mandatory human rights-specific training for its procurement team. This training covers key topics including our legal obligations, identifying risk factors for potential human rights violations, and our policies and due diligence processes to address risks of forced labor and child labor. We aim to further promote understanding of the risks and impacts of forced and child labor through the dissemination of awareness-raising materials and knowledge sharing with other GNK team members.

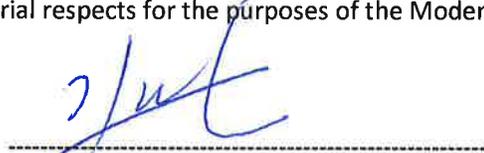
Assessing the Effectiveness of Our Actions

GNK has introduced certain measures over the last Fiscal year aimed at reducing the risk that forced labour or child labour will be used in its activities and in its supply chains. It has not yet taken any measure to assess the efficiency of such measures

Approval and Attestation

This Report was approved by the Board of Directors of 2022839 Ontario Inc. as a joint report of 2024232 Ontario Inc. (o/a Galleria Supermarket), Galleria Express Inc., Korea Food Trading Ltd., 2177584 Ontario Inc. (o/a KFT Wholesale Cash and Carry) for the financial year ended June 30, 2023 in accordance with subparagraph 11(4)(b)(ii) of the Modern Slavery Act.

In accordance with the requirements of the Modern Slavery Act, particularly section 11, I hereby attest, in my capacity as a director of, and on behalf of the Board of Directors of, GNK Inc., that (i) I have reviewed the information contained in this Report for the entities listed above, and (ii) based on my knowledge and after exercising reasonable diligence, the information in this Report is true, accurate, and complete in all material respects for the purposes of the Modern Slavery Act, for the reporting year listed above.



Joseph Kim

Chief Executive Officer,
2022839 Ontario Inc.
May 30, 2024

I have authority to bind GNK Holdings