

BOTL HOLDINGS LTD.
REPORT ON COMPLIANCE WITH S-211
FOR FISCAL PERIOD ENDED OCTOBER 29, 2023

I. INTRODUCTION

We are providing this joint submission to comply with the recent Liberal government's imposition of S-211 *An Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff* (the "Act"). This joint report is being provided for BOTL Holdings Ltd. (hereafter referred to as "BOTL") and the 21 other corporate entities which it controls and/or jointly controls. Further information on each entity can be found in the appendices of this report.

Disclaimer: 2024 represents the first year that S-211's reporting requirements have been imposed. With this being new legislation and BOTL having limited risk and exposure to child and forced labour in its operations, it has made best efforts to address the requirements of this report. This report comprises all of BOTL's consolidated corporate group, which is scoped into the Act's reporting requirements by virtue of its revenues and assets exceeding the Act's thresholds.

II. ORGANIZATIONAL STRUCTURE

For its most recently completed fiscal period ended October 29, 2023, BOTL's operations involved owning and operating franchised Boston Pizza and Freddy's Frozen Custard & Steakhburgers restaurants located in Saskatchewan, Canada and North Dakota, USA. BOTL employs approximately 1,000 employees, comprised of full-time and part-time restaurant employees and support personnel. Due to the nature of BOTL's operations, which are seasonal with sales volumes and comprised of many part-time workers, its workforce fluctuates upwards with sales trends. BOTL employs a head office leadership team which oversees restaurant operations, offering general support in legal, accounting, and administrative matters. Each restaurant is grouped into a geographic region and is overseen by a regional manager. Each restaurant is operated by a General Manager, who oversees a restaurant management team, who in turn oversee front-line restaurant staff. All of BOTL's restaurants are franchised restaurants and are subject to strict franchise operating requirements as outlined in their respective franchise agreements. For more details on BOTL's organizational structure, please refer to the attached appendices of this report.

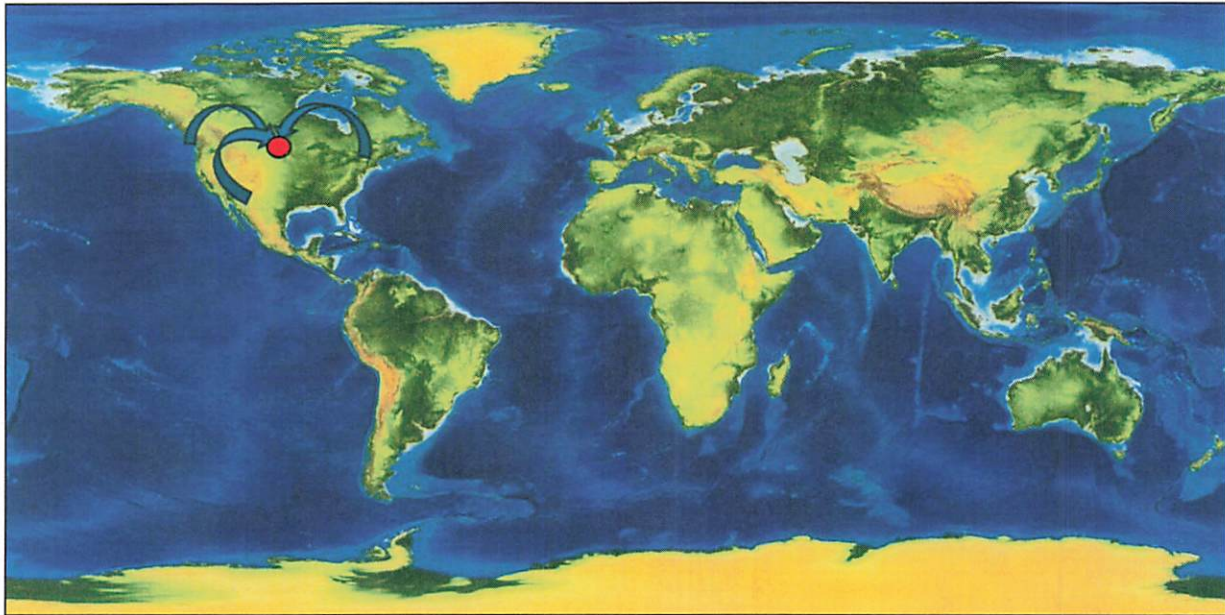
III. ACTIVITIES

BOTL operates franchised restaurants in Saskatchewan, Canada and North Dakota, USA. The restaurants serve customers in the general trade area surrounding each restaurant. There is very limited cross-border importation of goods for BOTL's operations. BOTL purchases all of its alcohol from local suppliers and it utilizes food consolidators (Sysco Foods and US Foods) to purchase its foodstuffs, takeout packaging, chemicals, and other restaurant supplies. Generally-speaking, most goods are sourced domestically as this is the most cost-effective way to purchase BOTL's inventory for operations.

As each restaurant operated by BOTL possesses a franchise license, they are each subject to strict requirements on which vendors and purchase items each business is allowed to use. Most purchases are with food consolidators, which are sourced within Canada and the United States, which both have strict rules and regulations related to fair labour practices.

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SUPPLY CHAIN GEOGRAPHIC MAP – INVENTORY PURCHASES



IV. RISK ASSESSMENT

BOTL has conducted a risk assessment of the risk of supporting/ enabling child and forced labour in its effort to determine compliance practices (the “Risk”). BOTL has assessed the risk using the principles of Inherent Risk and Control Environment, which are well-established concepts in controllership.

Inherent Risk: This is the inherent risk, before the implementation of controls, that something may happen. This is impacted by the severity and likelihood of the risk occurring.

Control Environment: This represents the controls in place within the business to address the Inherent Risk. Stronger controls help to offset / reduce a higher risk, whereas weaker controls don’t mitigate the impact of Inherent Risk to the same degree.

Residual Risk: This is the remaining risk after controls have been applied.

Below are the key factors evaluated by BOTL in its Inherent Risk assessment:

- Purchases concentrated in North America - Most of BOTL’s purchases are from Canada and/or North America, primarily USA and Canada. Both of those countries have strict rules related to labour standards, including enforcement practices. This factor reduces BOTL’s exposure to the Risk.

- Part of franchised system - As BOTL operates franchised restaurants, its locations are required to buy from large established suppliers to stay in compliance with its franchised agreements. In many instances, the ingredients BOTL needs to offer its menu can only be

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purchased from the food consolidators it uses (Sysco and US Foods), which are reputable companies. This helps mitigate BOTL's exposure to the Risk.

- Trade area in US / Canada - Due to the nature of BOTL's business (operating restaurants in Saskatchewan and North Dakota), most of its sales / trade activities focused on the local retail trade area surrounding each restaurant. This helps mitigate BOTL's exposure to the Risk.
- Storage limitations prevent offshore purchases - Due to storage limitations in each restaurant, food and alcohol inventory must be reordered every 2-3 days each week. Most food inventory is perishable and has a limited shelf life. As a result of this, BOTL must make frequent purchases of foodstuffs and alcohol from its vendors to replenish its stocks. The time it would take for inventory to be imported from outside North America (e.g. Africa, Middle East, Asia or other higher-risk jurisdictions) would be too long for BOTL's restaurants to rely upon for its supply chain needs. This practically limits the ability of BOTL's operating businesses to purchase and utilize inventory from higher-risk areas of the world. This factor reduces BOTL's exposure to the Risk.
- Systems structured around approved vendors - BOTL has established AP invoice automation with its food consolidators (US Foods and Sysco). This greatly reduces the effort and administrative burden for restaurant managers, which greatly incentivizes them towards utilizing approved vendors. This reduces BOTL's exposure to the Risk.
- Best pricing from approved vendors - Due to BOTL being a member of a franchised system for each of its restaurants, it obtains favorable pricing from approved vendors. Cost of sales represents one of the largest controllable costs in the restaurant industry and it is heavily monitored / optimized in each restaurant. This reduces BOTL's exposure to the Risk.

Inherent Risk Conclusion: Based upon factors above, we assess the Inherent Risk as low.

V. POLICIES AND DUE DILIGENCE PROCESSES IN RELATION TO FORCED AND CHILD LABOUR

As indicated previously, BOTL has assessed its Inherent Risk of supporting child and forced labour (the "Risk") as very low. In addition to this, BOTL has identified the following elements of its control environment which further reduce its exposure to the Risk.

General controls and procedures addressing risk:

- We have assessed the risk of child labour as part of the preparation of this report.
- Our franchisors routine conduct third-party inspections (at least once per quarter) of our restaurant locations to ensure compliance with franchise standards, which include restrictions of which suppliers we use and human resources standards.

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- Our corporate group has members of its senior operations team conduct inspections (at least once per 4 weeks) of our restaurant locations to ensure compliance with franchise standards, including which suppliers we use and payroll standards.

Payroll controls and procedures taken to ensure BOTL and its subsidiaries don't commit acts of child labour and forced slavery:

- We use payroll processing systems which require the issuance of a valid social insurance number / social security number in order to process payroll for the individual.
- We confirm the age of each employee at the time they are hired to ensure they are of legal age to work, and where relevant, serve alcohol.
- We heavily encourage employees be paid through direct payroll deposits and will only do so to a bank account associated with the employee's name.

Supply chain controls and procedures taken to ensure BOTL don't support organizations in its supply chain who commit acts of child labour and forced slavery:

- BOTL and its associated companies have accounts payable process controls which include...
 - a. Segregation of duties between individuals who make payments on invoices and those who can create vendors.
 - b. Segregation of duties between individuals who prepare payments to vendors and those who authorize their payment (through credit card, cheque, or bank payment).The above controls ensure that only approved vendors are utilized, which are franchisor-approved and vetted by head office personnel.
- BOTL has multiple controls over cost of sales which prevent unapproved recipe ingredients from being used. This includes controls over standard costing (referred to as theoretical recipe costing), and controls over menu items for each restaurant.

Assessing effectiveness –assesses the effectiveness of these controls through the following actions:

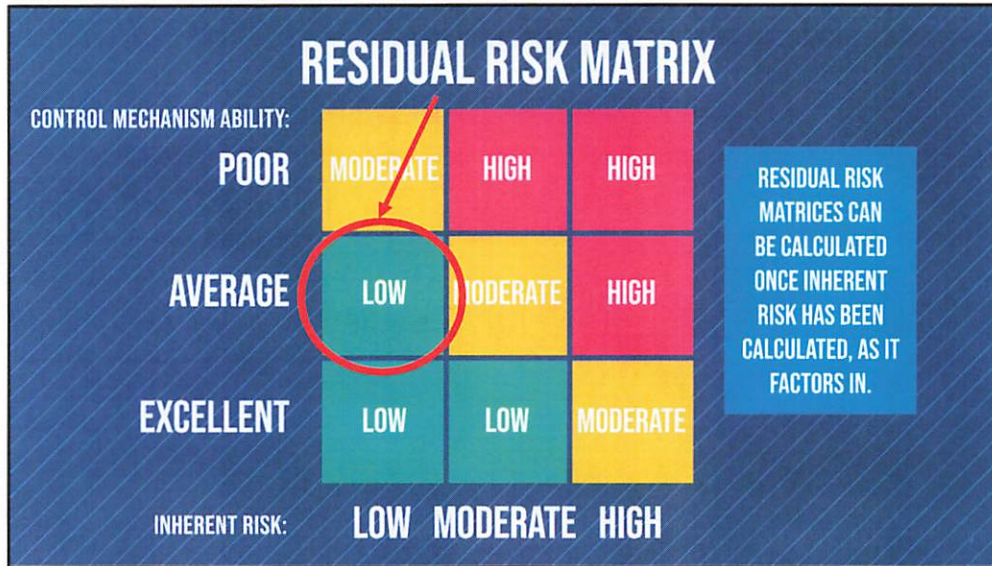
- Performing routine internal reviews of its internal controls related to payroll and accounts payable to ensure these are operating effectively.
- Being subject to inspections from its franchisor, which occur on a quarterly basis, to ensure compliance with franchise standards.

Control Environment Conclusion: BOTL's Control Environment has been assessed as average based upon the number of layers of controls it has.

Residual Risk Conclusion: BOTL's Residual Risk has been assessed as very low based upon a very low inherent risk and average Control Environment.

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GRAPHIC OF RISK ASSESSMENT CONCLUSION FOR BOTL



VI. REMEDIATION MEASURES

BOTL has not taken any measures to remediate forced or child labour given it believes its risk exposure to this concept is very low.

VII. TRAINING

BOTL has not incorporated any formal training or awareness-raising activities into its processes as it believes its risk exposure to this concept is very low.

[ATTESTATION ON NEXT PAGE]

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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.

Gregg Most
Director

February 16, 2024

A handwritten signature in black ink, appearing to read 'Gregg Most', with a long horizontal line extending to the right.

"I have the authority to bind 'Name of Entity.'"

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APPENDICES

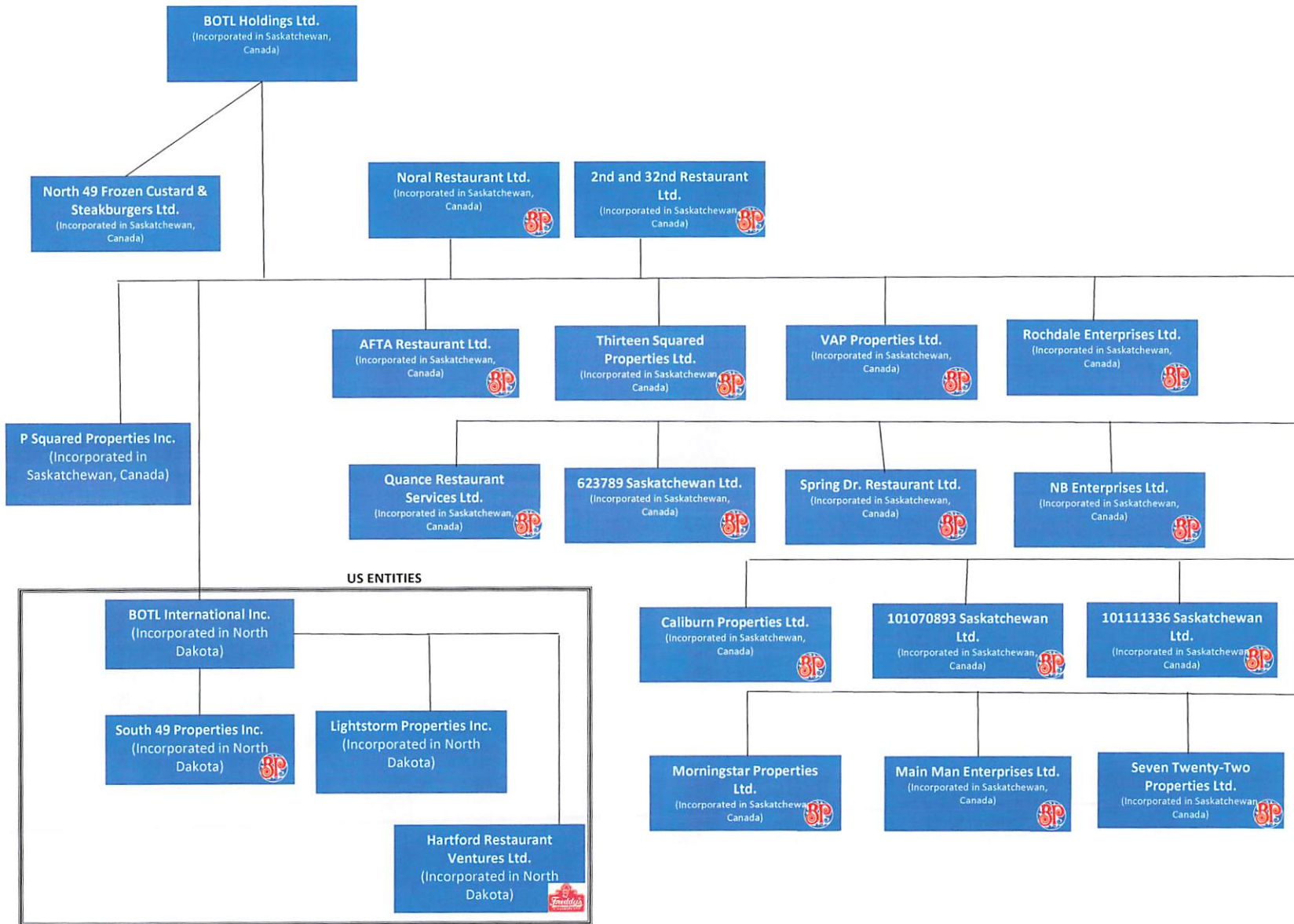
BOTL GROUP CORPORATE INFORMATION

February 16, 2024

Legal Name	Nature	Location	Province	Type of organization	CDN Federal #
BOTL Holdings Ltd.	Corporate holding company	Regina	SK	SK Corporation	840476162
Afta Restaurant Ltd.	Franchised restaurant	Saskatoon	SK	SK Corporation	896873262
Quance Restaurant Services Ltd.	Franchised restaurant	Regina	SK	SK Corporation	899537351
Noral Restaurant Ltd.	Franchised restaurant	Regina	SK	SK Corporation	894317239
623789 Saskatchewan Ltd.	Franchised restaurant	Yorkton	SK	SK Corporation	869389643
2nd & 32nd Restaurant Ltd.	Franchised restaurant	Prince Albert	SK	SK Corporation	886589621
Springs Dr. Restaurant Ltd.	Franchised restaurant	Swift Current	SK	SK Corporation	871083549
Rochdale Enterprises Ltd.	Franchised restaurant	Regina	SK	SK Corporation	861529865
NB Enterprises Inc.	Franchised restaurant	North Battleord	SK	SK Corporation	857315683
Thirteen Squared Properties Ltd.	Franchised restaurant	Humboldt	SK	SK Corporation	802568881
101070893 Saskatchewan Ltd.	Franchised restaurant	Saskatoon	SK	SK Corporation	832186746
101111336 Saskatchewan Ltd.	Franchised restaurant	Saskatoon	SK	SK Corporation	825818552
VAP Properties Ltd.	Franchised restaurant	Weyburn	SK	SK Corporation	804985059
Seven Twenty-Two Properties Ltd.	Franchised restaurant	Saskatoon	SK	SK Corporation	821844776
Caliburn Properties Ltd.	Franchised restaurant	Saskatoon	SK	SK Corporation	710680497
Morningstar Properties Ltd.	Franchised restaurant	Regina	SK	SK Corporation	770612489
P Squared Properties Ltd.	Restaurant real estate holding company	Regina	SK	SK Corporation	803213966
North 49 Frozen Custard & Steakburgers Ltd.	Corporate holding company	Regina	SK	SK Corporation	754351948

Legal Name		Location	State		US FEIN
BOTL International Inc.	US corporate holding company	Fargo	ND	ND C-Corp	80-0971392
Lightstorm Properties Inc.	Restaurant real estate holding company	Fargo	ND	ND C-Corp	32-0460688
South 49 Properties Inc.	Franchised restaurant	West Fargo	ND	ND C-Corp	37-1799862
Hartford Restaurant Ventures Ltd.	Franchised restaurant	West Fargo	ND	ND C-Corp	87-2542664

BOTL Corporate structure



BOTL ORGANIZATIONAL STRUCTURE

