

Big Red Holdings Ltd.

Forced Labour and Child Labour in Supply Chains Company
Assessment



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Executive Summary

Forced labour can be found in every country and every sector. The International Labour Organization estimates that there are approximately 27.6 million victims of forced labour worldwide, including 17.3 million in the private economy. Forced labour and child labour risks occur primarily through the global supply chains of businesses. There is a risk that goods imported into and distributed in Canada were produced with forced labour or child labour. Entities and government institutions doing business in Canada have a responsibility to ensure that exploitative practices are addressed and eradicated from their supply chains.

In compliance with the *An Act to support the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff*, Big Red Holdings Ltd. ("Big Red", or "the Company") has begun prioritizing the analysis of forced labour and child labour. Big Red does not currently have formal policies in place, but we wish to emphasize our commitment to human rights and to abide by relevant local and international legislation. As a growing, socially conscious company that includes a food market, food processing and distribution, Big Red recognizes and is strongly committed to removing the risk of forced labour and child labour in our operations and supply chains.

Background

The measures introduced through the Act, aim to increase industry awareness and transparency and drive businesses to improve practices. There are eight mandatory reporting areas that must be investigated and reported on which include:

- The steps the entity has taken during its previous financial year to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods in Canada or elsewhere by the entity or of goods imported into Canada by the entity.
- Its structure, activities and supply chains.
- Its policies and due diligence processes in relation to forced labour and child labour.
- The parts of its business and supply chains that carry a risk of forced labour or child labour being used and the steps it has taken to assess and manage that risk.
- Any measures taken to remediate any forced labour or child labour.
- Any measures taken to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in its activities and supply chains.
- The training provided to employees on forced labour and child labour.
- How the entity assesses its effectiveness in ensuring that forced labour and child labour are not being used in its business and supply chains.

Structure

Big Red operates as a private corporation based in Ontario. We are a full-service food service and grocery establishment operating exclusively within Canada. The financial year for which Big Red is reporting is



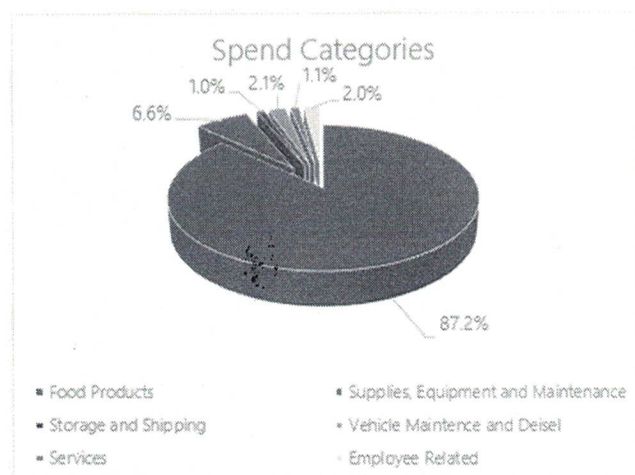
August 1, 2022, to July 31, 2023. This is the first version of the report submitted and the report is for Big Red Holding Ltd. Big Red also includes the entity 1729787 Ontario Limited.

This joint report includes Big Red and 1729787 Ontario Limited. Our sales are limited to domestic markets, and we distribute our products in Ontario.

Big Red meets the Bill S-211 reporting requirements, with two out of the three compliance thresholds related to revenue and assets having been met.

Activities

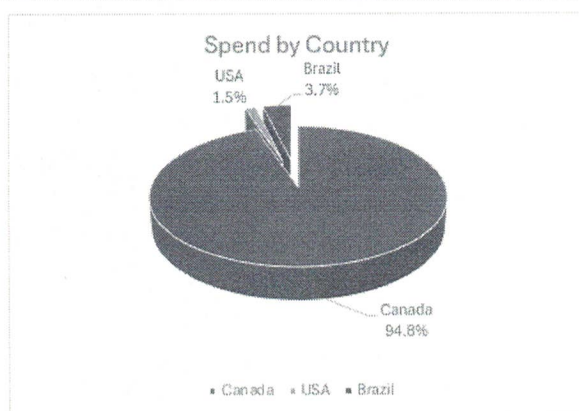
As a full-service food service and grocery establishment, Big Red operates as a multi-dimensional food processing and distributor centre. We participate in wholesale, retail, and foodservice sectors, and provide a range of services. Big Red procures inventory for direct resale at multiple locations and operates solely within South-Central Ontario. Once products have been ordered, they are shipped to our warehouse space where they are processed and distributed to our retail locations or directly to customers in Ontario. The pie chart depicts the spend percentage of each category of our supply chain.





Supply Chain

The majority of Big Red's supplier spend is attributed to Canada, and the remaining supplier spend is attributed to the United States and Brazil. In the relevant time period, Big Red had a total of 240 suppliers from Canada, with 7 suppliers from the United States and 1 supplier from Brazil. The pie chart demonstrates Big Red's break down of spend at a high level.



Policies and Due Diligence

Current Policies

We recognize that our policies or formal procedures currently are limited, and we prioritize principles over formal policies. While our informal approach guides our actions, we recognize the importance of formalizing certain practices for risk mitigation. We currently conduct bi-weekly payroll assessments to ensure compliance with regulations and guarantee that employees are hired and paid in accordance with Ontario and federal legal standards. By formalizing and documenting key principles, we can strengthen our operations and ensure alignment with industry standards and regulatory requirements.

Our Workplace Policies document states that it is governed by and constructed in accordance with the Occupational Health and Safety Act. The document specifies a workday maximum of 13 hours, and addresses health and safety, workplace harassment, and violence and harassment prevention; it also describes the procedure for reporting complaints regarding harassment and discrimination.

Our Employee Handbook & Training Program highlights health and safety practices that employees are expected to sign off on and abide by. The Employee Handbook also states the procedure for reporting complaints regarding harassment and discrimination.

Due Diligence

Government Inspected Suppliers

As part of our due diligence process, we prioritize suppliers that have undergone government inspections to validate their compliance with provincial and federal regulations. These regular checks ensure that our suppliers meet the necessary standards and adhere to legal requirements, providing added assurance of ethical sourcing and quality assurance in our supply chain.

Supplier Questionnaires



Most of Big Red's supply chain is sourced from Canada and we are required to follow international and Canadian laws regarding the procurement of materials. While Big Red does not have proscribed due diligence processes for smaller vendors, we have assessed the inherent risk associated with procuring from them as low. We have longstanding relationships with our suppliers, and trust that they adhere to the provincial and federal regulations, including Bill S-211.

However, as part of our commitment to prevent child or forced labour within our supply chain, Big Red has requested that suppliers complete a questionnaire. This questionnaire will be used to obtain confirmation from 25 suppliers that they do not engage in child and or forced labour. Suppliers that have responded to the questionnaire have indicated that they have not identified any instances or unmitigated risks of forced labour or child labour within their business activities, operations, or supply chains. Big Red will seek responses from the additional suppliers for the coming financial year.

Risk Identification and Management

A risk assessment of Big Red's supply chain from the dimensions of country of origin and type of good has been performed for our material direct suppliers. For the purposes of this report, material suppliers are those who account for at least 1% or more of Big Red's total procurement spend during the 2023 fiscal year.

This risk assessment used two separate indices to measure the inherent risk of child and/or forced labour related to goods and countries: Walk Free's *Global Slavery Index* and the US Department of Labour's *List of Goods Produced by Child Labour or Forced Labour*.

Countries of Operations and Risk

Big Red conducted a risk assessment on the countries where we have operations and found that there were low inherent risks of forced labour or child labour in Canada. The inherent risk associated with entities operating within Canada are low but continued due diligence is required.

Countries of Suppliers and Risk

Big Red conducted a risk assessment on the countries of origin for our suppliers and found that there were low inherent risks of forced labour or child labour in Canada and the United States, and extreme inherent risks of forced and child labour in Brazil. To mitigate these risks, Big Red requires the supplier to be approved by Canadian inspection agencies, who perform on site inspections at the sites. This does not mean that no evidence of forced labour or child labour was found to support this risk analysis but that there is an inherent risk and continued due diligence is required. The table below illustrates the number of suppliers and their country of origin:



Country	Inherent Risk per Country
Brazil	Extreme
Canada	Low
United States of America	Low

Type of Goods Procured and Risk

Big Red found that 1 goods category, i.e., food, may carry risk for child labour or forced labour specifically related to baked goods and meats. Most food products are purchased by Big Red from countries with low inherent risk, with only 4% of the food purchases being from Brazil. This does not mean that evidence of forced labour was found to support this risk analysis but that there is an increased inherent risk within this procurement area which necessitates closer scrutiny to ensure those risks do not flow through to the goods procured. By procuring food products from countries with low inherent risk of forced labour and child labour, and by purchasing from suppliers that are regulated by Canadian government agencies, the overall inherent risk of goods procured will be lowered.

Remediation Forced and Child Labour and Vulnerable Family Income Loss

Big Red is committed to identifying human rights incidents and violations that occur within our operations and communities. As there were no incidents related to forced or child labour reported to or noted within Big Red, there has not been any need for the entities to report, correct or remediate any incidents of forced or child labour. Big Red recognizes the significant impact forced and child labour can have on individuals and their families and thus will actively seek to strengthen our processes to reduce the risk of forced labour and child labour within our supply chain.

Awareness Training

Big Red does not have formal training in place on the topic of child labour or forced labour. As a consolidated entity we recognize the opportunity to enhance employee training relevant to this Act. Therefore, we will be evaluating applicable training for staff in the foreseeable future as well as making updates to our onboarding process to enhance compliance and awareness of child and or forced labour.

Self-Assessment Process and Requirements

As a consolidated entity, we are in the process of understanding and evaluating our supply chain. Currently, Big Red does not perform onsite checks, primarily because they are already inspected by government agencies to ensure they comply with provincial and federal regulations. As part of this ongoing evaluation, we will assess our processes to identify areas of improvement, particularly concerning self-assessment processes. This includes examining key performance indicators (KPI) metrics, internal audits, and quality assessment programs to ensure the effective implementation of child and forced labor



awareness measures. We are committed to reviewing our practices continuously to enhance the rigor of our self-assessment processes and to ensure their effectiveness in identifying and preventing the use of forced and child labor in our business and supply chains.

Conclusion and Key Takeaways

Through our analysis, we found that, although some of the commodities which we procure from our suppliers is at higher inherent risk for forced labour and child labour, we have measures in place to lower the risk. This includes our internal hiring practises and purchasing predominantly from counties that are considered to have low inherent risk. However, we are committed to continuous improvement and have identified areas within our internal processes that have the opportunity for enhancement to further reduce the risk of forced labour and/or child labour within Big Red and our supply chain.

For the upcoming year, Big Red has identified areas and mechanisms where we can work to further reduce the risk of forced labour and/or child labour within our activities and supply chains. These include:

Recommendations Related to Big Red's Activities:

1. **Consider Strengthening Informal Processes:** While significant changes may not be immediately feasible, making adjustments to informal processes can contribute to better risk management and lays the foundation for future improvements. This can include:
 - a. **Increasing Communication and Documenting Key Discussions:** This can involve regular meetings or huddles to discuss ethical practices related to reducing forced labour or child labour. Employees can be encouraged to share their thoughts, concerns, and ideas related to identifying and preventing child and forced labour in the supply chain. Key discussion points should be recorded to ensure that important decisions and actions are documented. This can include meeting minutes, notes from supplier discussions, or agreements reached regarding ethical standards.
2. **Consider Adjusting Formal Processes:** For processes already documented, adjustments can improve risk management. This can include:
 - a. **Add a Whistleblower Program to the Policies:** There is a whistleblower program at Big Red, in the form of posters across the various facilities. It could benefit Big Red to add it into the official Policies document, so that there is a central document for all Big Red policies and standards.
 - b. **Add a Code of Ethics in the Employee Handbook & Training Program:** Incorporating a clause in the employee handbook and training program regarding child labor and forced labor can strengthen Big Red's stance on these issues. This resource provides clear guidelines for employees, promotes consistency in decision-making, and establishes accountability for ethical behavior, ensuring a cohesive organizational culture.
 - c. **Add a Policy for Child Labour and Forced Labour:** Adding a policy for child labour and forced labour could boost ethical standards at Big Red. The policy could include a statement specific to being compliant with Bill S-211.
3. **Investigate Formalizing an Internal Awareness Campaign:** Consider the introduction of formal awareness campaigns that can cover topics such as recognizing signs of child and forced labour,



understanding relevant laws and regulations, and discussing the ethical implications of sourcing decisions. An awareness campaign offers a straightforward way to share information with the team and can be conducted through various channels like email or team meetings.

4. **Consider Creating a Team to Manage Risks:** This team will systematically evaluate Big Red's supply chain and industry landscape to identify potential vulnerabilities and update our policies accordingly. This could include implementing regular internal assessments or audits and defining Key Performance Indicators (KPIs) to monitor compliance with ethical sourcing standards within operations. By proactively addressing potential risks and ensuring ongoing compliance, Big Red can uphold a commitment to ethical sourcing and mitigate the risk of child and forced labor in the supply chain.

Recommendations Related to Suppliers:

1. **Consider Adjusting Purchase Orders:** A Terms and Conditions clause could be added to Purchase Orders that includes the requirement to conduct audits at supplier sites deemed to be of a higher risk, and that outlines our requirement that suppliers do not engage in child and or forced labour. These clauses would explicitly state a zero-tolerance for the use of child labour and/or forced labour within the supplier's operations and supply chain and would describe possible responses if an issue of non-compliance arises.
2. **Consider Introducing a Supplier Code of Conduct:** The introduction of a Code of Conduct would enforce awareness, making it the suppliers' responsibility to train their own staff. Not only would it mitigate risks associated with unethical labour practices, but it would also ensure compliance with legal and ethical standards.
3. **Potential Supplier Questionnaire Annually:** Consider following up with all the suppliers that have not responded to the supplier questionnaire and consider sending the questionnaire to all suppliers and following up until they provide responses. Alternatively, investigate if the suppliers have submitted Bill S211 reports and attestations to the government to ensure they are compliant with the Act.
4. **Supplier Risk Management and Monitoring:** These assessments will systematically evaluate Big Red's supply chain to identify and address any potential vulnerabilities. Based on the findings, Big Red can update policies to incorporate measures for mitigating identified risks and define clear protocols for addressing any reported violations. This includes measures for how to address child labour or forced labour if Big Red becomes aware of it in their supply chain. Proactively managing supplier risks and implementing monitoring mechanisms will ensure ethical sourcing standards are upheld and prevent labor exploitation in the supply chain.



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.

DANIEL TIMMINS
Full Name

[Handwritten Signature]
Signature

OWNER
Title

MAY 23 2024
Date

I have the authority to bind *Big Red Holdings Ltd.* and this report covers financial year *July 31, 2023*, and applies to *Big Red Holdings Ltd.* and all entities considered reporting entities in terms of the Act and any controlling subsidiaries of *Big Red Holdings Ltd.* if they apply.