



## **Pet Valu Holdings Ltd.**

### ***Fighting Against Forced Labour and Child Labour in Supply Chains Act 2023 Report***

**For the year ended December 30, 2023**

#### **1. Introduction**

This is a joint report (the “Report”) prepared by Pet Valu Holdings Ltd. on behalf of itself and Pet Valu Canada Inc. (“Pet Valu” or the “Company” or “our” or “we”) for the financial year ending December 30, 2023 (“Fiscal 2023”). This Report constitutes the first Report made by the Company pursuant to Canada’s new *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “Act”).

#### **2. Steps to prevent and reduce the risks of forced labour and child labour**

The Company took the following steps during Fiscal 2023 to prevent and reduce the risk of forced labour or child labour in its business and supply chains:

- Established an internal working group to assess steps for compliance with the Act.
- Provided the Governance and Nominating Committee (the “GNC”) of Pet Valu’s Board of Directors (the “Board”) with an education session on the requirements of the Act.
- Conducted a preliminary internal assessment of our supply chain and existing supplier engagement and due diligence processes.
- Implemented updated requirements for engaging new vendors who supply our proprietary branded products.

The Company has continued to take steps subsequent to the end of Fiscal 2023 to further assess its business and supply chains.

#### **3. Structure, activities and supply chains**

##### Structure

Each of Pet Valu Holdings Ltd. and Pet Valu Canada Inc. are incorporated under the *Business Corporations Act* (British Columbia). Following the close of its initial public offering (“IPO”) in 2021, Pet Valu Holdings Ltd. became a “reporting issuer” in each of the provinces and territories of Canada and its common shares

began trading on the Toronto Stock Exchange (the “TSX”) under the symbol “PET”. Pet Valu Canada Inc. is an operating subsidiary of Pet Valu Holdings Ltd.

The head office for each of Pet Valu Holdings Ltd. and Pet Valu Canada Inc. is 130 Royal Crest Court, Markham, Ontario, L3R 0A1.

Since opening our first store in 1976, Pet Valu has grown to become Canada’s leading specialty retailer of pet food and pet-related supplies. We and our franchisee owners operate the country’s largest network of specialty pet stores, together with a transactional digital platform supported by direct-to-customer and click-and-collect fulfilment. Our stores operate under the banners Pet Valu, Bosley’s by Pet Valu, Chico, Paulmac’s Pets, Total Pet and Tisol. As of December 30, 2023, we had 222 corporate-owned stores and 561 franchisee-owned and operated stores, with locations in all ten provinces in Canada.

As of December 30, 2023, we had 2,185 full-time equivalent employees, of which 1,220 were employed in our corporate-owned stores, 502 were employed in our support offices, and 463 were employed in our distribution centres or in our distribution transportation network.

### Activities

Pet Valu's primary activities include the procurement, distribution and sale of pet food and pet-related supplies. Our stores specialize in the retail sale of pet food and hardlines and pet specialty products, as well as select pet services. Our transactional digital platform offers customers another access point to our product offerings. We also operate a distribution centre network, which procures and distributes the majority of retail goods sold in our corporate and franchised stores nationwide.

In addition to the extensive selection of national branded products offered through our sales channels, we design and market over 1,900 products across consumables and hardlines categories under several proprietary brands, including: Permatrin Prime®, Permatrin Ultra®, Permatrin Ultra Limited®, Permatrin Naturals®, Permatrin Culinary™, Lovibles®, Barker’s Complete™, Fresh 4 Life®, Bailey & Bella®, Jump®, Essentials Pet Expert Approved® and Exceed™.

### Supply Chains

The products we distribute and sell, and the goods we procure for use in our business operations, are sourced from a wide variety of domestic and international suppliers. We purchase most of our merchandise centrally from manufacturers, wholesalers, manufacturers’ representatives, and importers.

Our strategy is to source merchandise directly from the lowest cost suppliers that meet our high-quality standards while maintaining appropriate supply chain resiliency. During Fiscal 2023, the majority of our merchandise was sourced from Canada, the United States, and China. In addition, a minority of our merchandise was sourced from Thailand, Germany, France, Vietnam, Colombia, Brazil, Mexico, New Zealand and Italy. Merchandise sourced from Canada and the United States includes products across all of our major categories, such as pet food, and hardlines. Merchandise sourced from jurisdictions in Asia predominantly include hardlines products such as toys, collars and leashes and pet apparel.

Our supplier base is well diversified, with no single supplier accounting for more than 15% of our total purchases during Fiscal 2023. Further, in Fiscal 2023, our top 10 suppliers represented 53% of our total purchases and our top 25 suppliers represented 70% of our total purchases. We have strong and long-standing relationships with our suppliers, including relationships with six of our top 10 suppliers for more than 15 years and each of our top 10 suppliers for more than five years.

#### **4. Policies, Governance & Due Diligence Processes**

##### Code of Business Conduct and Ethics

Our Code of Business Conduct and Ethics (the “Code”) sets out our standards and the principles of business conduct that guide our actions and is publicly available [here](#). The Code applies to all directors, officers and employees of the Company. The Code seeks, among other things, to promote honest and ethical conduct, compliance with applicable governmental laws, rules and regulations, and the prompt internal reporting of violations or suspected violations of the Code.

The Company provides for confidential and anonymous reporting through a reporting hotline that is operated by an independent third-party, available 24 hours a day, 7 days a week at 1-844-719-1437 or online at [petvalucanada.ethicspoint.com](http://petvalucanada.ethicspoint.com).

As part of our onboarding process, all new employees are required to review and acknowledge the Code. Additionally, all employees are required to review and acknowledge the Code on an annual basis.

In 2024, we amended the Code to include our commitment to human rights and compliance with the Act and other applicable laws.

##### Governance

The GNC is responsible for reviewing and assessing the Code to ensure it adequately addresses, among other things, compliance with applicable laws, rules or regulations. The GNC makes recommendations regarding amendments to the Code to the Board for approval. The Board is responsible for approving the Code.

##### Vendor Supplier Requirements Guide

We expect our suppliers to comply with applicable laws, including labour, safety, anti-corruption, and environmental law, and to otherwise meet our supplier standards. Our Vendor Supplier Requirements Guide (the “Guide”) sets out certain compliance standards, including prohibitions against the use of forced labour and child labour.

##### Vendor Agreements

By entering into standard purchase order terms and conditions or other standard form agreements with Pet Valu, suppliers agree to comply with applicable laws and the obligations set out in the Guide. Standard

form agreements used for the procurement of goods include audit and inspection provisions to permit verification of compliance with applicable laws.

### Due Diligence Processes

In addition to the terms of our contractual agreements and the requirements of the Guide, we undertake additional due diligence steps to assess manufacturers of our proprietary brands. Starting in Fiscal 2023, all new proprietary brand manufacturers in Asia and South America were expected to meet enhanced requirements, including acceptable third-party audit reports. Starting in Fiscal 2024, all existing proprietary brand manufacturers in Asia and South America are expected to meet similar requirements, including providing acceptable third-party audit reports annually.

## **5. Assessing and managing potential risks**

Starting in Fiscal 2023 and continuing into Fiscal 2024, the Company developed and executed an assessment of the risk of forced labour and child labour in its supply chains.

In Fiscal 2023, initial steps were taken to map our direct suppliers of merchandise and goods not for resale, according to value purchased and country of origin.

In Fiscal 2024, the Company completed a risk assessment and due diligence review on its largest direct suppliers as well as direct suppliers of goods from jurisdictions deemed higher risk for occurrences of child and forced labour. Our assessments in Fiscal 2023 and Fiscal 2024 did not identify any instances of child or forced labour. However, we recognize that child and forced labour can occur in every industry, sector and geographic location. As such, there is a potential for certain risks of child and forced labour occurring in Pet Valu's supply chains. With respect to our procurement, we are aware that some of our imports originate from higher-risk jurisdictions. In response to the awareness of those potential risks, as set out above, Pet Valu focused its risk assessment and due diligence review in Fiscal 2024 on those higher-risk jurisdictions. Accordingly, viewed globally, Pet Valu views the risk of child and forced labour in its supply chains as low with some specific procurement activities carrying a moderate risk related to geographical factors which Pet Valu has acknowledged and considered in its supply chain monitoring.

The Company's staff is comprised of office workers, retail operations workers and distribution centre workers located in Canada. We consider that the nature and location of our operations pose a low risk of forced labour or child labour.

Pet Valu intends to enhance its assessment and management of the risk of forced and/or child labour in its supply chain in Fiscal 2024.

## **6. We did not identify any instances of forced labour or child labour**

In Fiscal 2023, we did not identify any incidences of forced labour or child labour in our direct business activities or our supply chain, and as a result, no remediation measures were taken by the Company, including those related to remediating the economic impact of remediation efforts on the most vulnerable families.

## **7. Training**

During Fiscal 2023, internal counsel provided training on the requirements of the Act to senior leadership of departments responsible for the procurement of goods for the Company.

In January 2024, an external provider provided training on the Act to our executive leadership team and the management team of departments responsible for procurement of goods for the Company.

## **8. Assessing effectiveness**

The Company has certain measures in place to prevent and reduce the risk that forced labour or child labour is used in our business operations and supply chains, as discussed in this Report. As a result of the review undertaken in early 2024, we are considering implementing processes, where applicable, to assess the effectiveness of the measures taken to prevent and reduce the risks of forced labour and child labour in our supply chain.

## **9. Approval and Attestation**

This Report was approved by the Board of Directors of Pet Valu Holdings Ltd. pursuant to subparagraph 11(4)(b)(ii) of the Act.

In accordance with the requirements of the Act, and in particular section 11 thereof, I hereby 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.

I have the authority to bind Pet Valu Holdings Ltd.



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Richard Maltsbarger  
President and Chief Executive Officer and Director, Pet Valu Holdings Ltd.  
President and Chief Executive Officer, Pet Valu Canada Inc.  
May 6, 2024