

2024 Report under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*

Introduction

This report has been prepared by R.C. Purdy Chocolates Ltd. (“**Purdys Chocolatier**” or “**Purdys**”) in response to the requirements under Canada’s *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the Act) for our financial year ending July 29, 2023.

Purdys Chocolatier recognizes that we have a responsibility to farmers, workers, customers, suppliers and the communities where we operate to engage in ethical and sustainable business practices, including assessing and preventing the risk of forced labour and child labour in our business activities and supply chains.

Organizational structure, activities and supply chain

Purdys is a privately-owned company that produces and sells premium chocolate and confectionary products in Canada. Our headquarters and manufacturing facilities are located in Vancouver, British Columbia, and we operate over 80 retail locations across Canada. We employ approximately 1,150 employees in our manufacturing and retail activities in Canada. We occasionally hire seasonal workers at our manufacturing facilities using recruitment or labour agencies.

Purdys is an active member in many industry and business councils including Retail Confectioners International, World Cocoa Foundation, Canadian Manufacturers & Exporters, Retail Council of Canada, Canadian Chamber of Commerce, International Council of Shopping Centers, and BC Food and Beverage Association.

Purdys manufactures chocolate and confectionary products at our two manufacturing facilities in Vancouver. We sell and distribute chocolate and confectionary products, primarily in Canada, through our retail storefronts in British Columbia, Alberta, Saskatchewan, Manitoba and Ontario, as well as through our e-commerce platform and a digital fundraising program. We sell approximately 99% of our goods in Canada.

Purdys sources our cocoa ingredients from processors and manufacturers based in Northern Europe. We engaged with our suppliers about their sourcing of cocoa and ingredients. Our cocoa is grown in Ecuador, Peru, the Ivory Coast and Ghana. Purdys sources ingredients other than cocoa, such as nuts, sugar, fruit and milk ingredients, from suppliers based in Canada and outside of Canada. We choose local suppliers whenever possible, but also import goods into Canada, including raw materials, packaging, supplies, equipment and software.

We are committed to responsible sourcing and the promotion of sustainable, entrepreneurial farming, improved productivity and community development. Purdys is a member of the Cocoa Horizons Program, an independent, non-profit organization and fair trade initiative for responsible, ethically-sourced cocoa and investment in growing communities. Through this program, Purdys pays a premium for the cocoa we source to support on-the-ground programs to improve farming and cocoa yield, provide training on literacy, numeracy and the promotion of women in business and community leadership, deliver better medical care and make clean water possible in rural communities.

Steps to prevent and reduce the risks of forced labour and child labour

Purdys' approach to preventing and reducing the risks of forced labour and child labour in our operations and supply chains is to integrate voluntary human rights measures into our business activities, including in social and environmental management, health and safety, supply chain, security and human resources.

In the financial year ending July 29, 2023, our efforts focused on identifying the regions or sectors at higher risk of the use of forced labour and child labour, and engaging with certain supply chain partners where these risks are identified in our activities and supply chains.

Policies and due diligence processes

Purdys has zero tolerance for forced labour or child labour in our operations and supply chains. Purdys' senior management team is responsible for implementing risk assessment and due diligence processes to evaluate, prevent and mitigate human rights risks in our operations and with our suppliers.

In our Canadian production and retail operations, Purdys adheres to provincial employment, human rights and safety standards, including with respect to hours of work, wages, minimum age of employment and safety of our employees and seasonal contract workers.

In our supply chains, Purdys is committed to sourcing sustainable cocoa. Prevention and mitigation of child labour is a core principle of the Cocoa Horizons Program. By participating in this program, we provide financial support to farming communities to invest in efforts to prevent and mitigate the risks of child labour. With community programs, we help find and integrate solutions to keep children in schools, while also understanding and addressing the challenges within family-based farms.

We also have processes for qualifying and assessing our suppliers that include vendor pre-qualification questionnaires, site visits and follow up with suppliers in higher risk regions. During site visits, we review safe quality food (SQF) certification and working conditions to the extent possible. Our SQF audit questionnaires, which are sent to suppliers of ingredients and packaging, include questions about temporary workers and certifications.

Forced labour and child labour risk

To date, our approach to identifying the risks of forced labour and child labour has focused on the sector we operate in, as well as the location from where goods are sourced.

Our Canadian operations have low risk of forced labour or child labour, given our compliance with applicable employment, human rights and safety laws.

Our risk assessments have focused in particular on the supply of cocoa. Cocoa is typically produced by smallholder farmers in remote equatorial areas. Most of the world's cocoa comes from West Africa, an area that faces a number of sustainability challenges and often lack basic infrastructure, literacy, education, or access to basic healthcare services. Purdys' involvement in the Cocoa Horizons program is intended to mitigate the risks to workers in our supply chain and improve our awareness of the risks of child labour.

With respect to our other suppliers, Purdys monitors our risk based on information published by the International Labour Organization, including known red flags associated with forced labour and child labour, such as lack of age verification, charging recruitment, employment or repatriation fees, lack of written employment contracts, the retention of employee identification documentation, the location of the contractor or supplier and the strength of rule of law in those jurisdictions.

Remediation measures and remediation of loss of income

Cocoa Horizons has established processes regarding remediation of child labour, which focus on addressing the root causes of child labour, focusing on education, gender and social issues. These include promoting attendance at school and supporting children with bridging courses, vocational training, literacy classes and provision of birth certificates.

To date, Purdys has not received any complaints relating to forced labour or child labour in our operations or supply chain, and as such has not taken any direct remediation measures or remediation of loss of income to families as a result of forced labour or child labour.

Employee training

Purdys' senior leadership and key employees, including our Head Chocolatier, Production Manager and Merchandise Manager, attended Cocoa Horizons training sessions to raise awareness of child labour risks.

Purdys provides training to workers in our Canadian operations relating to health and safety and compliance with Canadian laws. We have not yet established a formal training program to educate our employees about the risks of forced labour and/or child labour.

Assessing effectiveness

Our cocoa supplier is audited annually and discloses an annual Key Performance Indicators report to Purdys on child labour, which is reviewed by our senior management team. Purdys also reviews responses to questionnaires and outcomes of site visits relating to SQF certifications to assess working conditions of our direct suppliers.

Approval and 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.

Dated in the City of Vancouver, British Columbia, this 13th day of May, 2024.



KAREN FLAVELLE, CEO

I have the authority to bind R.C. Purdy Chocolates Ltd.