

## **2023 Annual Report: Fighting Against Forced Labour and Child Labour in Supply Chains Act (the “Act”)**

### **(Canada)**

Date: May 31, 2024

This report has been prepared by Value Village Stores, a BC partnership, (“VVS”) in accordance with the Fighting Against Forced Labour and Child Labour in Supply Chains Act (S.C. 2023, c. 9) for fiscal year 2023 (“FY 2023”).

VVS takes concerns of human trafficking and slavery in the supply chain very seriously. This report outlines the various steps VVS has taken during FY 2023 to prevent and reduce the risk that forced labour and/or child labour is used at any step of the production of goods in Canada or elsewhere by VVS or of goods imported into Canada by VVS.

### **Requirement (a) – Structure, activities and supply chains**

VVS is a subsidiary of the publicly traded US based company, Savers Value Village, Inc., headquartered in Bellevue, Washington, USA (NYSE: SVV, see more at <https://ir.savers.com>). VVS’s managing partner is Value Village Canada, Inc.

VVS is a proud member of the Canadian community, operating more than 150 thrift stores across 10 provinces. In FY 2023, VVS put more than 270 million unique items onto our Canadian sales floors for reuse, including more than 151 million unique clothing/textile items.

VVS has a unique supply chain and business model as a thrift operator. As a thrift operator, the majority of our product is gently used clothing, accessories, and household goods (“Used Goods”). Our supply chain of Used Goods starts with our partnerships with nonprofit organizations in the community. These organizations collect Used Goods from the public, either via home collection, clothing bins, or other channels, and deliver the collected Used Goods to our stores. We also accept donations directly from the public at our store locations on behalf of each store’s respective nonprofit partner.

Regardless of how the Used Goods arrive at our doors, VVS purchases the Used Goods from our nonprofit partners in bulk, providing them with revenue to help fund their organizations’ missions and service to the community. Those items that are suitable for reuse are then sorted, graded, priced, and placed on the sales floor.

VVS also imports a limited amount of new goods for sale in its stores, such as Halloween accessories, holiday décor, seasonal apparel, socks, and reusable bags

("New Goods"). These new goods and products are sourced from third-party suppliers ("Vendors") and directly through manufacturers ("Direct-Source Manufacturers").

### **Requirement (b) – Policies and due diligence processes**

In order to ensure the best practices in our Used Goods supply chain, we work closely with our nonprofit partners from who we are purchasing our Used Goods. This includes a dedicated Regional Supply Chain Manager for each nonprofit to ensure quality standards of our relationship. Additionally, we execute a supply agreement ("Purchase and Sale Agreement") for collection and purchase of Used Goods with each nonprofit partner. Each Purchase and Sale Agreement obligates our nonprofit partners to comply with all applicable laws which would include those related to forced and child labour standards.

Vendors and Direct-Source Merchandisers of New Goods, are required to abide by our Social Accountability Policy adopted in 2015. This policy requires that all goods they produce for or sell to VVS are manufactured in compliance with the following:

- Child, indentured, involuntary, or prison labor must not be used or supported.
- Workers may not be exposed to unreasonably hazardous, unsafe, or unhealthy conditions.
- The workplace must be free from harassment, which includes sexually coercive, threatening, abusive, or exploitive conduct or behavior or harassment because of one's race, color, religion, gender, national origin, age, disability or sexual orientation.
- Workers must be treated fairly, with dignity and respect.
- Wages paid to workers must meet or exceed the legal minimum wage in the jurisdiction where work is performed.
- The Vendor/Direct-source Manufacturer and its contractors must maintain written records evidencing compliance with the provisions of this Social Accountability policy and must make those records available to VVS upon request.
- Beginning with the adoption of its Social Accountability Policy, VVS is requiring that each of its Vendors and Direct-source Manufacturers review and certify their compliance with VVS' Supplier Code of Conduct, which includes VVS' Social Accountability policy. VVS has no connection to the original vendors or manufacturers of the gently-used clothing, accessories, and household goods sourced by VVS through donations made to its nonprofit partners by consumers, and therefore cannot require any similar certification of those goods.

Additionally, VVS works to engage only those reputable Vendors and Direct-source Manufacturers who are also engaged by large retail companies with high ethical standards in the evaluating and addressing the risks human trafficking and slavery in their supply chains.

### **Requirement (c) – Forced labour and child labour risks**

Given that our primary business is the sale of Used Goods primarily sourced directly from the general public or our nonprofit partners, we see the risk level of child or forced labour as very low in our supply chain of Used Goods. Additionally, VVS has no connection to the original vendors or manufacturers of these Used Goods, and therefore cannot perform any auditing or observation of the suppliers of these goods.

VVS has identified a relatively greater potential risk of forced labour and child labour in its relationships with Vendors and Direct-Source Manufacturers.

For FY 2023, VVS did not itself perform or engage third parties to perform audits of its Vendors or Direct-Source Manufacturers' facilities. Occasionally, VVS employees visit and tour some of its Vendors' facilities.

If VVS were to observe a violation of its Social Accountability policy during such a visit or becomes aware that a Vendor or Direct-source Manufacturer has otherwise failed to comply with the Social Accountability policy, VVS may suspend the Vendor or Direct-source Manufacturer until it can prove compliance or sever the relationship.

#### **Requirement (d) – Remediation measures**

Not applicable – VVS has not identified any forced labour or child labour in our activities or supply chains. Therefore, we have not taken any actions to directly remediate any forced labour or child labour in our supply chain. We will continue to evaluate if remediation measures are applicable.

#### **Requirement (e) – Remediation of loss of income**

Not applicable – VVS has not identified any forced labour or child labour in our activities or supply chains. Therefore, we have not taken any actions to directly remediate the loss of income that could result from elimination measures. We will continue to evaluate if remediation of loss of income measures are applicable.

#### **Requirement (f) – Training**

For its employees responsible for sourcing of New Goods from Vendors and Direct-source Manufacturers, VVS is developing a training program to educate these employees on human trafficking and slavery issues, how these issues may arise in the supply chain, and on our Supplier Code of Conduct and the practices described in this Report.

These supply chain management employees will be required to review the Supplier Code of Conduct and ensure that, to the best of the employee's knowledge and ability, Vendors and Direct-source Manufacturers are complying with the Social Accountability Policy. As part of this program, if a supply chain management employee becomes aware of a violation of the Social Accountability Policy, the employee will be directed to either bring the violation to a manager's attention or, in the case of a manager, take

direct action to suspend the Vendor or Direct-source Manufacturer until it can prove compliance or sever the relationship.

VVS’s employment manual sets out the process an employee should follow in bringing such an issue to the attention of the employee’s manager or team member relations representative. VVS has a strict “no-retaliation” policy for employees who in good faith report the violation of a company policy, including VVS’ Social Accountability policy.

**Requirement (g) – Assessing effectiveness**

In FY 2023, we maintained our review of our existing practices related to nonprofit partners, Vendors and Direct-Source Manufacturers. VVS continues to monitor its policies and procedures related to identifying and preventing the use of forced and child labour.

**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. Furthermore, this report was approved in accordance with paragraph 11(4)(a) of the Act.

**EXECUTION:** By my signature set forth below, I have the authority to bind Value Village Stores:

By: Value Village Canada, Inc.  
Its: Managing Partner

DocuSigned by:  
By: Richard Medway  
GAAF08AC96304AE  
Richard Medway

Its: Chief Compliance Officer  
Date: 5/30/2024