

**VERADEK INC.  
REPORT UNDER THE MODERN SLAVERY ACT  
FOR THE FISCAL YEAR ENDING DECEMBER 31, 2023**



**REPORT DATE: MAY 30, 2024.**

## **About This Report**

This report (the “Report”) is made in accordance with section 11(1) of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “Modern Slavery Act” or the “Act”). For the purposes of this Report, Veradek Inc. shall be collectively referenced as “Veradek”, the “Corporation”, the “Company”, “we”, “us” or “our”.

Unless otherwise indicated, the information in this Report is presented as at December 31, 2023, the last day of the Corporation’s most recently completed fiscal year. All references to “Fiscal 2023” are to the Corporation’s fiscal year ended December 31, 2023; and to “Fiscal 2024” are to the Corporation’s fiscal year ending December 31, 2024.

## **Cautionary Statements**

### *Forward Looking Information Disclaimer*

This document may contain forward-looking statements that are based on management’s current expectations, estimates, forecasts, and projections about Veradek and the industry in which it operates. These statements are not guarantees of future performance and involve certain risks, uncertainties, and assumptions that are difficult to predict. Therefore, actual outcomes and results may differ materially from those expressed or implied in any forward-looking statements.

Forward-looking statements are frequently characterized by words such as “plan”, “continue”, “expect”, “project”, “intend”, “should”, “believe”, “anticipate”, “estimate”, “may”, “will”, “potential”, “proposed” and other similar words, or statements that certain events or conditions “may” or “will” occur. These statements are only predictions. Various assumptions were used in drawing the conclusions or making the projections contained in the forward-looking statements throughout this document. Factors that may cause actual results to differ materially from those contemplated by any forward-looking statements include, but are not limited to, the Corporation’s ability to successfully implement its business strategy, fluctuations in demand for the Corporation’s products or services, changes in economic and market conditions, and other factors that are beyond the Corporation’s control. The information contained herein is unaudited.

The Corporation, including its officers and directors, undertakes no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements, except as required by applicable law. The Corporation does not assume any responsibility or liability for any reliance on any forward-looking statements contained in this document or any other document or communication that it may issue from time to time.

Users are cautioned that the information included herein may not be appropriate for their purposes. All amounts are expressed in Canadian dollars unless otherwise specified.

## 1. Introduction

Veradek is committed to ensuring that our supply chain is free from forced labour and child labour. This Report outlines the steps we have taken during Fiscal 2023 to prevent such practices in our supply chain, as mandated by the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*.

## 2. Structure, Business Model, and Supply Chains

Veradek designs/manufactures, and sells consumer outdoor products globally, primarily via e-commerce and through large retailers. Our supply chain includes suppliers from North America and Asia. We work with over 15 suppliers, including manufacturers, component suppliers, and logistics providers.

Below is a summary of information for general understanding of the Corporation and why it must publish a report under the Act without compromising confidentiality, trade secrets, and/or competitively sensitive information.

**Official Name:** Veradek Inc.

**Ownership:** Privately held.

**Headquarters:** Richmond Hill, Ontario, Canada

**Industry:** Wholesale of outdoor products, generally seasonal sales in the spring

Veradek's retail supply chain is multi-tiered, dynamic and complex. The Corporation's sourcing strategy blends products sourced from North American vendors and directly imported merchandise from overseas. In Fiscal 2023, Canadian production covered 80% of the Company's inventory purchases.

The Corporation's vendor base has the ability to be well diversified. However, the Corporation's priority is to continue onshoring its production and product with a goal of having over 95% of production made in Canada and or the United States of America ("USA").

The Corporation generally does not enter into long-term purchase contracts or arrangements but rather, purchases products on an order-by-order basis. The Corporation develops product design, packaging and labelling concepts for private label brands, minimizes markups and overhead costs typically associated with intermediaries and importers and increases its bargaining power. This sourcing strategy also provides the Corporation with more visibility and control over safety and quality monitoring.

## 3. Policies and Due Diligence Processes in Relation to Forced Labour and Child Labour

The Directors of the Corporation are intimately involved in all aspects of procurement given the small size of the organization. Veradek has a zero-tolerance policy for forced labour and child labour. The Corporation is in the process of implementing its *Supplier Code of Conduct* which mandates compliance with international labour standards, including the International Labour Organization ("ILO") conventions with its overseas suppliers as supplier agreements renew. Nonetheless, at least one of the Corporation's Directors made personal visits to the Corporation's most material suppliers in Canada and in Asia in 2023 to personally review operations and included questions/observations with local management of the suppliers on this subject. This included impromptu factory floor tours.

The Corporation also has a *Code of Conduct and Ethics* for all employees. As noted above, the Corporation has a *Supplier Code of Conduct* that is still being rolled out to all suppliers as supplier contract renewals come up.

#### 4. Risk Assessments

Human rights matters are ultimately the oversight responsibility of the Corporation's board of directors (the "Board of Directors") and are embedded in our governance framework. Management is responsible for identifying and reporting to the Board of Directors on human rights risks, as part of its risk management activities, and for operationalizing our various human rights risk mitigation strategies and related accountability mechanisms. We believe that close collaboration and engagement with our trusted vendors also fosters constructive mitigation to forced labour and child labour risks across our supply chain.

The Corporation takes a risk-based approach to supply chain management.

- **Country of Origin:** In line with this approach, management selects vendors based on country of manufacture and annual procurement and/or sales volume. As mentioned earlier in the Report, our primary suppliers are located in Canada and subject to Canadian laws and regulations, as well as frequent monthly visits by ownership and senior management of the Corporation. We view the Corporation's risk exposure from countries that are considered to have the highest risk of forced labour and child labour according to the Global Slavery Index as being minimal, as purchases originating from these countries represent de minimis levels of our total annual procurement volume.
- **Particular Products:** We have determined that no particular products in our portfolio from vendors are associated with higher risks of forced labour or child labour.
- **Evolving Business Environment:** We know that the risks of forced labour and child labour extend beyond our vendors and can occur at various stages of production. Identifying such risks for the suppliers to our vendors is more complex, as we have less control over our vendors' respective suppliers. However, we believe that holding our vendors, who we deal with directly, accountable with our compliance processes as noted above has a positive impact on our direct vendors' own respective supply chains. As also noted above, we are mandating such compliance and accountability framework with our vendors at the time of their respective contract renewal and are continuing to implement such provisions into our vendors' framework.

We acknowledge that forced labour and child labour risks, like our global supply chain, are constantly evolving, and we are committed to improving our human rights risk mitigation strategies to ensure its continued relevance. To achieve this, we aim to regularly reassess the risks in our supply chain and proactively identify new areas where human rights risks may arise.

#### 5. Risk Management and Remediation

The Corporation did not identify any instances of forced labour or child labour based on its procedures performed in Fiscal 2023. As a result, no remediation actions were taken with suppliers or for loss of income to the most vulnerable families that resulted from any measures taken by the Corporation.

Our procedures were performed to obtain reasonable assurance internally, that we can identify and remediate any violations, but it is not a guarantee that our procedures will always detect instances of forced labour or child labour when it occurs or exists. We believe that we have exercised sufficient judgement and skepticism with those who we deal with to arrive at this conclusion for Fiscal 2023.

In addition, we encourage anyone to report violations directly to the Corporation at [info@veradek.com](mailto:info@veradek.com). We have an established incident management and remediation process to ensure that we respond to complaints in an effective and timely manner.

## 6. Training

As mentioned earlier in the Report, the Corporation's members of the Board of Directors are directly involved and responsible for procurement. Therefore, the Corporation did not provide additional training to employees outside of the directors responsible in this functional area. However, as the Corporation expects to grow in Fiscal 2024 and beyond, should the procurement function grow further, specific human rights training will be incorporated into the delegation of tasks. The scope of the training focused on key topics including, but not limited to, our obligations under applicable laws, identifying risk factors for potential human rights violations, our policies and due diligence processes to address forced labour and child labour risks. We intend to further promote the understanding of risks and impacts of forced labour and child labour through the sharing of awareness-raising materials and knowledge with other Veradek team members.

## 7. Assessing the Effectiveness of our Actions

We are committed to maintaining effective systems to identify, assess and proactively manage forced labour and child labour risks in accordance with relevant legislation, stakeholders' expectations and good corporate governance principles.

We assess the effectiveness of our approach principally through our direct involvement and oversight by ownership and senior management with suppliers.

The Corporation also relies on grievance mechanisms, which assist our employees, vendors and stakeholders, including workers from our supply chain, to confidentially report concerns about any ethical issue. With respect to risks of forced labour and child labour, Veradek monitors these grievance mechanisms to assess the effectiveness of its risk mitigation strategy.

We aim to improve our ethical sourcing strategies by reviewing our policies and processes against those of leading peers and guidance from recognized international organizations.

## 8. Approval and Attestation

This Report was approved by the Board of Directors of Veradek Inc. for the financial year ended December 31, 2023, in accordance with subparagraph 11(4)(a) of the Act.

In accordance with the requirements of the Act, and in particular section 11 thereof, I hereby attest, in my capacity as a director of, and for and on behalf of the Board of Directors of, Veradek Inc., that (i) I have reviewed the information contained in the Report for the entity listed above, and (ii) based on my knowledge, and having exercised reasonable diligence, the information in this Report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

/s/ Lucio Andrea Bovolini

Name: Lucio Andrea Bovolini

Title: Director & Secretary

Date: May 30, 2024

I have the authority to bind Veradek Inc.