

Red Apple Stores ULC

Fighting Against Forced Labour and Child Labour in Supply Chains Act

Compliance Report for the Financial Year Ending January 2025

1. Introduction

This report is prepared in compliance with the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “Act”). It outlines the steps taken by Red Apple Stores ULC (“Red Apple Stores”) to prevent and address the risks of forced labour and child labour in its supply chain. The report covers the financial year ending January 2025.

2. Our Commitment to Human Rights

Red Apple Stores is committed to upholding human rights and prohibiting the use of forced labour and child labour in its operations and supply chain.

Key principles:

- Zero tolerance for forced and child labour
- Respect for human dignity and well-being
- Transparency and accountability
- Regularly reviewing and enhancing our policies and procedures to address evolving risks.

3. Steps Taken to Prevent Forced and Child Labour (FY2025)

During the financial year ending January 2025, Red Apple Stores ULC took the following actions to mitigate the risks of forced and child labour in our supply chain:

- **Updated Vendor Code of Conduct:** Maintained and enforced compliance standards across our supplier network, emphasizing the prohibition of forced and child labour.
- **Supplier Engagement:** Communicated expectations regarding human rights compliance to all domestic and international suppliers, requiring acknowledgment of Red Apple Stores’s Vendor Code of Conduct.
- **Risk Assessments:** Monitored supply chain risks based on geographic locations and product categories, with particular attention to higher-risk regions such as parts of Asia.
- **Internal Training:** All existing buyers were trained on the updated Vendor Code of Conduct, including potential concerns related to forced and child labour. This is an ongoing process that will continue as part of our compliance efforts.
- **Reporting Mechanisms:** Maintained and promoted our confidential reporting channel (compliance@redapplestores.com) for employees, suppliers, and stakeholders to report any concerns anonymously.

- **No Reported Incidents:** No instances of forced or child labour were reported or identified during the FY2025 reporting period.

4. Our Structure, Activities, and Supply Chain

Red Apple Stores operates 142 retail locations across Canada. Our diverse workforce and extensive supply chain network are integral to our operations. We source products from a wide range of suppliers, both domestically and internationally, to provide our customers with affordable and quality merchandise.

Domestic and International Sourcing

- **Domestic Suppliers:** Approximately 90% of our products are sourced from suppliers within Canada. These include local manufacturers, wholesalers, and distributors who provide various goods ranging from consumables to seasonal items. This also includes products imported and manufactured locally.
- **International Suppliers:** The remaining 10% of our products are sourced from international suppliers. As the majority of our business transactions are conducted through third-party distributors or wholesalers rather than directly with manufacturers, we rely on these partners to ensure compliance with our ethical standards.

Supplier Tiers

- **Tier 1:** Direct suppliers providing finished goods.
- **Tier 2:** Distributors and wholesalers who source from other manufacturers.

Product Categories

- **General Merchandise:** Includes household items, kitchenware, toys, and other everyday essentials.
- **Consumables:** Food items, beverages, and other perishable goods
- **Seasonal Items:** Products related to holidays, special occasions, and changing seasons, such as decorations, costumes, and gifts.

Geographic Sourcing

- Asia (notably China, India, Vietnam, Bangladesh)
- United States
- Canada
- Other global regions

Supply Chain Management

Red Apple Stores focuses on building long-term relationships with trusted partners and expects them to help promote responsible sourcing practices, stay informed of potential risks in high-risk regions and industries, and maintain ethical standards within the supply chain. As the majority of business transactions are conducted through third-party distributors or wholesalers, we rely on these partners to uphold these expectations throughout their supply chains.

5. Risks of Forced and Child Labour

Red Apple Stores acknowledges that risks of forced and child labour are higher in certain regions and sectors, such as apparel and electronics. As the majority of business transactions are conducted through third-party distributors or wholesalers, these partners are expected to ensure compliance with applicable laws and regulations prohibiting the use of forced and child labour within their own supply chains. Red Apple Stores continues to monitor information from public and government agencies, as well as news outlets, to stay informed of any emerging risks.

6. Our Policies and Due Diligence Processes

Red Apple Stores's policies include:

- **Supplier Expectations:** Red Apple Stores requires both domestic and international suppliers to follow responsible labour practices, including a prohibition on the use of forced and child labour, as communicated through the Vendor Code of Conduct.
- **Code of Conduct:** Outlines Red Apple Stores's commitment to human rights and ethical business practices, with standards that all employees are expected to understand and follow.
- **Due Diligence:** Red Apple Stores maintains general oversight of its supplier relationships and remains informed of global risk areas that may impact its sourcing practices.

7. Monitoring and Auditing

As the majority of Red Apple Stores's products are sourced through third-party distributors and wholesalers, we expect our vendors to ensure compliance by implementing their own processes and standards:

- Regular supplier audits
- Documentation of compliance efforts
- Reporting any issues promptly for resolution

8. Awareness and Ethical Sourcing Standards

Red Apple Stores maintains a foundational approach to building awareness of human rights and ethical sourcing practices across its operations.

- **Employee Expectations:** All employees are expected to adhere to the Red Apple Stores Code of Conduct, which outlines a commitment to human rights, ethical standards, and reporting mechanisms.
- **Supplier Training:** Red Apple Stores does not provide formal training resources to suppliers. As the majority of business transactions are conducted through third-party distributors or wholesalers, these partners are expected to ensure compliance with applicable laws and regulations prohibiting the use of forced and child labour within their own supply chains.
- **Ethical Sourcing Commitment:** Red Apple Stores is committed to promoting an understanding of ethical sourcing practices across its operations.

9. Remediation Measures

Red Apple Stores does not maintain a formal remediation process, as the majority of business transactions are conducted through third-party distributors or wholesalers. These partners are expected to ensure compliance with applicable laws and regulations, including the prohibition of forced and child labour, within their own supply chains. Any issues that are brought to Red Apple Stores's attention are communicated through the respective vendors, who are expected to address the matter and implement appropriate resolutions in accordance with the law. *No instances of forced or child labour were reported or identified during the FY2025 reporting period.*

10. Assessing the Effectiveness of Our Actions

Red Apple Stores assesses the effectiveness of its actions by reviewing available information, monitoring feedback received, and staying informed of potential risks in the global supply chain.

11. Reporting and Transparency

Red Apple Stores is committed to transparency by:

- Publishing this annual compliance report on our website
- Sharing relevant policies publicly
- Maintaining open communication with stakeholders

12. 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 this report. Based on my knowledge, and having exercised reasonable diligence, I confirm that the information is true, accurate, and complete in all material respects for the purposes of the Act for the reporting year ending January 2025.

Full Name: Brendan Proctor

Title: President & CEO

Date: May 30th, 2025