

BIG RED HOLDINGS LTD.

FORCED LABOUR AND CHILD LABOUR IN SUPPLY CHAINS
COMPANY ASSESSMENT

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Executive Summary

Forced labour can be found in every country and every sector. The International Labour Organization estimates that there are approximately 27.6 million victims of forced labour worldwide, including 17.3 million in the private economy. Forced labour and child labour risks occur primarily through global supply chains of businesses. There is a risk that goods imported into and distributed in Canada were produced with forced labour or child labour. Entities and government institutions doing business in Canada have a responsibility to ensure that exploitative practices are addressed and eradicated from their supply chains.

Since 2024, Big Red Holdings Ltd. (“Big Red”) have made significant strides in complying with the Fighting Against Forced Labour and Child Labour in Supply Chains Act (the “Act”). Big Red implemented a Child and Forced Labour Zero Tolerance Policy applicable to all employees, supplies and third-party contactors to reinforce our unwavering commitment to maintain a safe, ethical and responsible working environment. Big Red has also sent our suppliers assessment forms with mandatory modern slavery questions to identify and assess possible child and forced labour risks in our supply chain. More recently, we expanded our training for management to cover the ILO E-Learning Course on Forced Labour. These actions reflect our commitment to updating policies, managing our supply chain diligently, raising employee awareness, and ensuring our full compliance with the Act.

Background

The measures introduced through the Act, aim to increase industry awareness and transparency and drive businesses to improve practices. There are eight mandatory reporting areas that must be investigated and reported on which include:

- The steps the entity has taken during its previous financial year to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods in Canada or elsewhere by the entity or of goods imported into Canada by the entity.
- Its structure, activities and supply chains.
- Its policies and due diligence processes in relation to forced labour and child labour.
- The parts of its business and supply chains that carry a risk of forced labour or child labour being used and the steps it has taken to assess and manage that risk.
- Any measures taken to remediate any forced labour or child labour.
- Any measures taken to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in its activities and supply chains.
- The training provided to employees on forced labour and child labour.
- How the entity assesses its effectiveness in ensuring that forced labour and child labour are not being used in its business and supply chains.

Structure

Big Red operates as a private corporation based in Ontario. We are a food service and grocery establishment operating exclusively with Canada. This report will cover the activities of the company for the financial year or August 1, 2024 to July 31, 2025. This document represents the first version of this report.

This report encompasses both Big Red and 1729787 Ontario Limited. Our sales are confined to domestic markets, with distribution limited to the province of Ontario. Big Red complies with Bill S-211 reporting requirements having met two of the three thresholds related to revenue and assets.

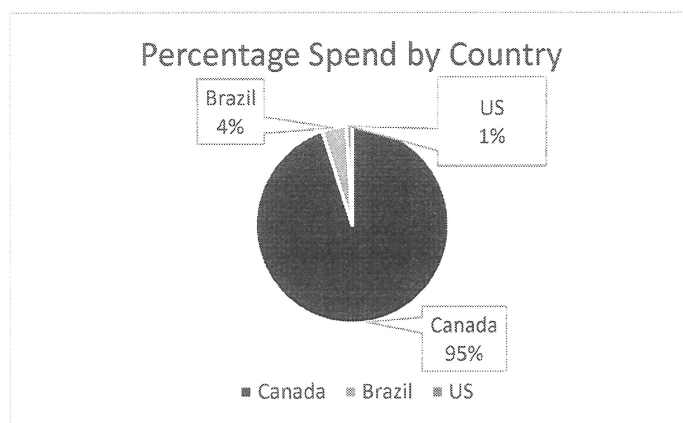
Activities

As a food service and grocery establishment, Big Red operates as a multi-dimensional food processing and distribution centre. We participate in wholesale, retail, and food service sectors as well as provide a range of services. Big Red procures inventory for direct resale at multiple locations and operates mainly in Southern Ontario. Once the products are ordered they are shipped and stored at our warehouse prior to being directly to our customers in Ontario.

Supply Chain

The majority of Big Red's supplier spend is attributed to Canada, and the remaining is split between Brazil and the United States. Since the last year all additional suppliers have been based in Canada. The breakdown of our suppliers is as follows:

- 294 from Canada
- 7 from the United States
- 1 from Brazil



Policies and Due Diligence

Big Red has the following policies and due diligence procedures in place to mitigate child labour and forced labour within our supply chain:

Policies

Child and Forced Labour Zero Tolerance Policy

Big Red has taken extra steps in demonstrating unwavering commitment to maintain a safe, ethical and responsible working environment for all employees and suppliers when initially introducing the Child and Forced Labour Zero Tolerance policy last year.

Big Red is committed to a strict zero-tolerance towards the use of child labour and forced labour in any of our operations or supply chains. Employees are encouraged to report all potential violations of this policy to ensure timely intervention and resolution. Through this policy, Big Red strives to protect the rights of individuals within our workplace and throughout our supply chain.

Workplace Violence and Harassment Prevention Policy

The policy aims to foster a safe and secure work environment free of violence. Employees are encouraged to report any instances of workplace violence to ensure timely intervention and resolution. The policy communicates a zero-tolerance stance towards workplace violence, affirming the commitment to employee safety. Through these policies, the organization prioritizes the well-being and security of its employees fostering a culture of trust and respect.

Health and Safety Policy

This policy reflects Big Red's dedication to prioritizing employee well-being and safety by providing a safe and healthy environment. Big Red highlights the safety of its workforce by providing employees with information, training and competent supervision in their specific work tasks to protect their health and safety. These measures demonstrate the organization's unwavering devotion to maintaining a secure working environment for its employees.

Big Red Employee Handbook & Training Programs also highlight health and safety practices that employees are expected to sign off on and abide by. Employees are also prohibited from exceeding the maximum workday hours.

Due Diligence

Government Inspected Suppliers

As part of our due diligence process, we prioritize suppliers that have undergone government inspections to validate their compliance with provincial and federal regulations. These regular checks ensure that our suppliers meet the necessary standards and adhere to legal requirements, providing added assurance of ethical sourcing and quality assurance in our supply chain.

Supplier Questionnaires

Most of Big Red's supply chain is sourced from Canada and are required to follow international and Canadian laws regarding procurement of materials. While Big Red does not have the prescribed due diligence processes for smaller vendors, we have assessed the inherent risk associated with procuring from them as low. We have longstanding relationships with our suppliers and trust that they adhere to the provincial and federal regulations, including the Act.

However, as part of our commitment to prevent child or forced labour within our supply chain, Big Red requested that suppliers complete a questionnaire. In 2024, the questionnaire was sent to suppliers to confirm that they do not engage in child and or forced labour. Big Red had received responses and will continue to collect the remaining responses. Suppliers that have responded to the questionnaire have indicated that they have not identified any instances or unmitigated risks of forced labour or child labour within their business activities, operations, or supply chains.

Risk Identification and Management

A risk assessment of Big Red's supply chain from dimensions of country of origin and type of good has been performed for our material direct suppliers. For purposes of this report, material direct suppliers are those who account for at least 1% or more of Big Red's total procurement during 2025 fiscal year.

This risk assessment used to separate indices to measure the inherent risk of child and/or forced labour related to goods and countries: Walk Free's Global Slavery Index and the US Department of Labour's List of Goods Produced by Child Labour or Forced Labour.

Countries of Operations and Risk

Big Red conducted a risk assessment on the countries where we have operations and found that there were low inherent risks of forced labour or child labour in Canada. The inherent risk associated with the entities operating within Canada are low but continued due diligence is required.

Countries of Suppliers and Risk

Big Red conducted a risk assessment on the countries of origin for our suppliers and found that there were low inherent risks of forced labour or child labour in Canada and the United States. Brazil has extreme inherent risks of forced and child labour. To mitigate these risks, Big Red requires the supplier be approved by Canadian inspection agencies who perform on site inspections. This does not mean that no evidence of forced labour or child labour was found to support this risk analysis but that there is an inherent risk and continued due diligence is required.

Type of Goods Procured and Risk

Big Red found that 1 goods category (food) may carry a risk of child labour or forced labour specifically related to baked goods, meats and poultry. However, most food products purchased by Big Red are from countries with low inherent Risk, with only 4% of the food purchases being from Brazil. This does not mean that evidence was of forced labour was found to support the risk analysis, but that additional scrutiny is required for the higher risk areas. By procuring food products from countries with low inherent risk of forced and child labour as well as by purchasing from suppliers that are regulated by Canadian government agencies, the overall inherent risk of goods procured is lowered.

Remediation Forced and Child Labour and Vulnerable Family Income Loss

Big Red is committed to identifying human rights incidents and violations that occur within our operations and communities. As there were no incidents related to forced or child labour reported or noted within Big Red, there has not been any need for the entities to report, correct or remediate any incident of forced or child labour. Big Red recognizes the significant impact forced and child labour can have on individuals and their families and thus will actively seek to strengthen our processes to reduce risk of forced labour and child labour within our supply chain

Awareness Training

Big Red has continued to review and train on the requirements related to Bill S-211. In addition, we have expanded our training to encompass a course provided the International Labour Organization on Forced Labour. With this additional training we believe it will enhance our ability to identify, report and be proactive in the prevention of forced and child labour at both our facility and throughout our supply chain. Big

Red will continue to train when onboarding our new employees and ensure the Employee Handbook is reviewed.

Self-Assessment Process and Requirements

As a consolidated entity, we are committed to continuously enhancing our self-assessment processes. This commitment involves a thorough evaluation of our supply chain practices to identify areas for improvement and ensure that forced child labour are not being utilized. As part of these self-assessment processes, Big Red is making significant improvements:

Internal Activities

Policy Review: Big Red is dedicated to ongoing policy reviews and updates to ensure they remain relevant and accurate in accordance with current operating conditions and Act.

Child and Forced Labour Training: Training has been expanded since last year to encompass an additional course from the International Labour Organization on Forced Labour recognition for senior management and our procurement team.

Incident Management Reporting: Big Red mandates the reporting of all workplace incidents. For each reported incident, an action plan is developed to resolve the issue promptly.

External Activities

Supplier Questionnaires: Big Red will continue to collect questionnaire responses from all suppliers relating to forced and child labour. These responses will then be used to help further mitigate risk.

Company Assessment: Big Red has publicly shared a “Forced Labour and Child Labour in Supply Chains Company Assessment” on Big Red Market webpage.

