



Red-L Distributors Ltd.

Table of Contents

Introductions and Scope	1
Company Structure, Activities and Supply Chain.....	1
Policies and Governance	2
Risk Assessment and Due Diligence.....	2
Supply Chain Monitoring and Supplier Engagement	4
Internal Controls and Workforce Integrity	4
Remediation Measures	5
Training	5
Effectiveness and Assessment	5
Future Commitments.....	6
Attestation	7



Red-L Distributors Ltd.

Introductions and Scope

This report has been prepared by Red-L Distributors Ltd. ("Red-L") in accordance with the requirements of the Fighting Against Forced Labour and Child Labour in the Supply Chain's Act ("The Act")

This report outlines the measures taken by Red-L during the financial year ending April 30, 2026, to prevent and reduce the risk that forced labour or child labour is used at any stage of the production of goods in Canada or elsewhere, or goods imported into Canada by Red-L.

Red-L is committed to conducting business in an ethical, transparent and compliant manner. While no instances of forced or child labour have been identified within our operations or supply chain during the reporting period, we recognize the importance of ongoing due diligence and continuous improvement.

Company Structure, Activities and Supply Chain

Red-L Distributors Ltd. is a privately owned Canadian Corporation founded in 1961. The company's core activities include the distribution of:

- Hydraulic and industrial hoses and fittings
- Lubricants
- Tools and Maintenance, Repair, Operations (MRO) products

Red-L also provides hose repairs and certifications, with all service activities performed within Canada

Operational Footprint

- 10 branches in Alberta
- 1 branch in British Columbia
- 110 employees, all located in Canada
- Primarily domestic sales, with limited exports to the USA.

Red-L sources products from both domestic and international suppliers, primarily through direct relationships with Tier one suppliers.

Policies and Governance

Red-L maintains internal governance structures and policies that support compliance with The Act and reinforces its commitment to ethical business practices.

Executive leadership is responsible for overseeing compliance, including human rights-related risks. The Quality Control Manager serves as the management representative for the company's Quality Management System (QMS), with the responsibility to:

- Establish, update and enforce Human Rights Policies
- Report on system performance and improvement opportunities to executive management
- Promote awareness of compliance requirements across the organization

All employees share responsibility for the success of the organization. Each employee receives a company handbook that outlines Red-L's ethical expectations and behavioral standards which reinforce the culture of compliance.

All employees are required to review and acknowledge these policies as part of onboarding and ongoing compliance training.

During the reporting period, Red-L:

- Reviewed and updated its Human Rights Policy
- Implement a dedicated Forced and Child labour policies that align with the legislative requirements.
- Integrate these policies into mandatory employee training programs.
- Provided employees with additional resources to allow further alignment with the legislation.

Risk Assessment and Due Diligence

During the 2025 reporting period, Red-L enhanced its approach to identifying and mitigating risks of forced and child labour by implementing more structured and documented due diligence processes. These measures include:

- Mapping the company's activities and supply chain to improve visibility and identify potential risk of exposure.

- Conducting an internal assessment of risks across operations and supply chains
- Gathering information related to worker recruitment practices and maintaining internal controls to ensure that all workers are recruited voluntarily and meet minimum age requirements
- Monitoring suppliers using risk-informed criteria
- Engaging with supply chain partners to reinforce expectations regarding ethical labour practices.

Red-L's supply chain is currently concentrated in North America, with the majority of goods sourced from suppliers located in the USA. This geographic concentration is generally considered to present a lower risk of forced and child labour relative to certain higher-risk jurisdictions.

During the reporting period, Red-L began expanding its supplier base to include manufacturers in China. In connection with this expansion, company representatives conducted in-person visits to selected supplier facilities to observe production processes and working conditions.

These visits did not identify indicators of forced or child labour at the time of assessment. However, Red-L recognizes that such observations represent a point-in-time review and form only one component of a broader due diligence framework. These activities are supplemented by ongoing supplier engagement, questionnaire-based assessments, and risk-informed monitoring.

As part of this enhancement framework, Red-L implemented a formal supplier questionnaire process to standardize and document supplier due diligence.

Suppliers are required to:

- Confirm the existence of policies and procedures addressing forced and child labour.
- Provide information on training programs related to human rights and ethical labour practices
- Confirm whether such expectations have been communicated to their own suppliers (tier two and beyond)

To further strengthen its risk identification processes, Red-L has adopted a risk-informed approach that considers factors such as geographic location, industry sector, and the nature of goods sourced. Publicly available information, including government guidance and international indices related to forced and child labour risks, is considered when evaluating supplier risk profiles.

Given the expansion into new sourcing regions, Red-L has incorporated geographic risk as a factor within its broader risk assessment methodology and will continue to apply enhanced due diligence measures, where appropriate, to suppliers operating in higher-risk jurisdictions.

Based on these activities, Red-L has not identified any instances of forced or child labour within its operations or supply chain during the reporting period.

Supply Chain Monitoring and Supplier Engagement

Red-L continues to strengthen its supplier oversight practices through monitoring, engagement and information gathering.

During the reporting period Red-L:

- Implemented ongoing supplier monitoring informed by supply chain mapping and risk assessment activities
- Formalized supplier engagement through structured questionnaires and follow-up discussions.
- Reinforced expectations that suppliers adopt and maintain policies addressing forced and child labour.
- Encouraged suppliers to cascade these expectations through their own supply chains.

These actions support a more proactive, risk-based approach to supply chain due diligence.

Internal Controls and Workforce Integrity

Red-L promotes a culture of transparency and accountability supported by internal controls and communication mechanisms.

Employees are encouraged to report concerns, including those related to forced and child labour through an open-door policy without fear of retaliation. Managers are responsible for escalating concerns to senior leadership for review and action.

During the reporting period, Red-L strengthened internal controls by:

- Implementing procedures to gather and validate information related to employee recruitment practices
- Maintaining controls to ensure that all employees are working voluntarily and meet applicable legal age requirements
- Reinforcing compliance expectations through regular communication with branch managers.

Remediation Measures

As no instances of forced or child labour have been identified, Red-L has not implemented formal remediation measures during the reporting period.

Should such risks be identified, Red-L is committed to:

- Conducting prompt and thorough investigations
- Taking appropriate corrective actions
- Reporting to relevant authorities as required

Training

Red-L currently provides training to all employees on its Human Rights Policies, and will effectively initiate training programs related to forced and child labour best practices in 2026.

Training will be incorporated into onboarding processes and reinforced through ongoing communications. Employees will be expected to understand:

- Risks associated with forced and child labour
- Their responsibilities in identifying and reporting concerns
- The company's expectations regarding ethical conduct

Red-L has also begun requesting confirmation from suppliers regarding the availability of similar training within their own organizations.

Effectiveness and Assessment

During the 2025 reporting period, Red-L began implementing a more structured approach to assessing the effectiveness of its risk mitigation efforts.

Indicators of effectiveness include:

- Completion of supply chain mapping activities
- Implementation of supplier questionnaire and monitoring responses
- Increased transparency from suppliers regarding policies and training
- Results of internal risk assessments



Red-L Distributors Ltd.

Red-L acknowledges that supplier-provided information, including questionnaire responses and policy confirmations, represents an important initial step in supply chain due diligence. As part of its continuous improvement efforts, Red-L is evaluating opportunities to supplement these measures with additional verification activities, where appropriate, based on risks.

Such activities may include targeted follow-ups, requests for supporting documentation, or other proportionate validation steps for higher-risk suppliers. This approach is intended to enhance the reliability of information obtained while maintaining a practical and risk-based compliance framework.

Red-L recognizes that its effectiveness and assessment framework is still evolving and intends to further refine metrics and documentation in future reporting cycles.

Future Commitments

Red-L is committed to continuous improvement in its compliance with The Act. Planned initiatives include:

- Expanding supplier questionnaire coverage and validation process
- Enhancing risk-based supplier monitoring
- Strengthening verification of supplier compliance beyond self-declarations
- Continuing internal training on forced and child labour
- Improving internal documentation and tracking of compliance activities
- Developing procedures to assess effectiveness in ensuring that forced labour and child labour are not being used in its activities and supply chains.



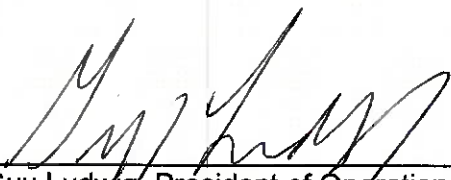
Red-L Distributors Ltd.

Attestation

In accordance with the requirements of The Act, and particular Section 11 thereof. I attest that I have reviewed the information contained in this report for Red-L Distributors Ltd.

Based on my knowledge and having exercised reasonable diligence, I attest that the information in this report is true, accurate and complete in all material respects for the purposes of The Act, for the reporting period of 2025.



Jamie Ludwig, President of Sales
May 13, 2026
I have the authority to bind
"Red-L Distributors Ltd."

Guy Ludwig, President of Operations
May 13, 2026
I have the authority to bind
"Red-L Distributors Ltd."