

Book Depot Inc.

Forced Labour and Child Labour in Supply Chains 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 the 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, Book Depot Inc. ("Book Depot") has made significant improvements in adhering to the Fighting Against Forced Labour and Child Labour in Supply Chains Act (the "Act"). We have proactively updated employee contracts and purchase order terms and conditions and have introduced a comprehensive Safe Disclosure and Workplace Violence and Harassment Policy. Additionally, we launched an awareness campaign, ensuring all employees are well-versed in the Act's requirements. Furthermore, we have intensified supplier due diligence procedures, scrutinizing key supplier ethics attestations to align with Book Depot's high ethical standards. These actions underscore our unwavering commitment to policy enhancements, meticulous supply chain management, employee education, and steadfast compliance with the Act, reflecting our dedication to maintaining and improving our ethical standards.

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.

Introduction

Book Depot was established in the early 1980s and initially focused on the wholesale of remainder books to retailers across North America. Over the years, Book Depot has capitalized on expanding markets and diversified offerings to include overstock and returned books, growing significantly as online retail and demand for affordable books increased. This growth has resulted in two locations, one at 67 Front Street North, Thorold, ON L2V 1X3, where we operate our primary facility and a smaller facility in St. Catharines, Ontario.

Book Depot is committed to operating as an ethical company, and this document represents the first version of our 2025 report. As per the Act's reporting requirements, Book Depot is obligated to report on its activities and supply chain. The financial period covered in this report spans from June 30, 2024, to June 30, 2025.

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Structure

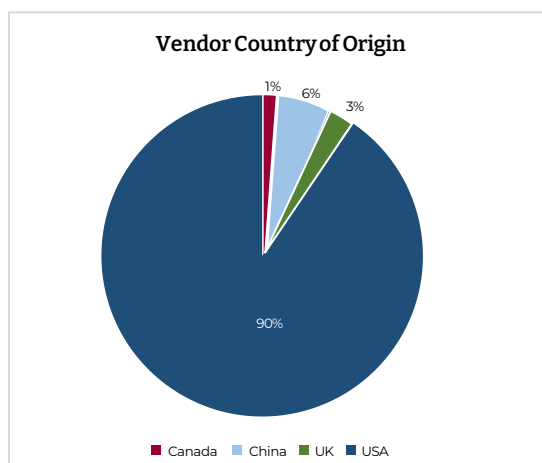
Book Depot has a diversified ownership structure that involves individual stakeholders through a network of private holding companies and partnerships. Ownership is distributed among several individuals, including a minority stake from the management team. Additionally, Book Depot Inc. holds a 100% stake in its American Subsidiary, American Book Company Inc.

Activities

Book Depot operates within the wholesale industry, specializing in the sale of remainder, overstock, and returned books across North America. With a comprehensive inventory management system, Book Depot supplies a diverse range of books that cater to a variety of interests and age groups. Book Depot serves a wide array of customers including large online retailers (such as Amazon and eBay), major bookstore chains (including Barnes & Noble and Indigo), off-price retailers, as well as independent bookstores. Our vast selection of books is also offered through direct sales channels, catering to the bargain retail market and consumers looking for affordable reading options.

Supply Chain

Book Depot's supply chain is a testament to its global reach and strategic procurement efforts, ensuring a steady flow of diverse literary offerings. The corresponding figure presents the total makeup of our supply chain by country in relation to the percentage of purchases made within the last financial year. As illustrated, Book Depot's vendor base is geographically diverse, with the United States accounting for a substantial 90% of their procurement spend. This is followed by China at 6%, the United Kingdom contributing 3%, and Canada at 1%. This global sourcing strategy highlights commitment to offering a rich and varied assortment of books to the North American market. By diversifying their procurement, Book Depot is able to provide a wide selection of titles at competitive prices.



Policies & Due Diligence

Book Depot has the following policies and due diligence procedures in place to mitigate the risk of child labour and forced labour within internal activities and its supply chain:

Internal Policies

Safe Disclosure and Workplace Violence and Harassment Policy:

Book Depot has updated its Safe Disclosure and Workplace Violence and Harassment Policy. This policy demonstrates our commitment to maintaining a safe work environment that is free from unethical business practices such as child labour and forced labour, as well as from violence, harassment, bullying, and discrimination. It provides employees with a safe way to disclose concerns without fear of retaliation. This policy reflects Book Depot's constant efforts to improve employee well-being and set an example of ethical behaviour.

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Employee Handbook (Manuals):

Book Depot's Employee Handbook clearly outlines the behaviours that constitute violence and harassment, emphasizing a zero-tolerance stance. Our employees are equipped with the knowledge and procedures to report incidents, ensuring that these can be swiftly addressed. The Handbook is a vital tool in educating all team members on their roles and responsibilities, reinforcing a culture of safety and respect. While the Employee Handbook is reviewed by employees when updates are made, select critical policies, such as Violence and Harassment, are designated for annual review to ensure continued awareness and compliance.

Employee Contracts:

Book Depot has updated its employee contracts to include a section on compliance with both provincial and federal legislation. These updates reinforce Book Depot's commitment to ethical business practices and the prevention of child and forced labour within its operations. All employment contracts are structured in accordance with applicable Canadian employment standards, ensuring that employees are of legal working age and engaged under reasonable and lawful terms of employment. The revised contracts serve as a clear reminder to all employees of the company's policies and dedication to maintaining a safe and fair working environment. By ensuring that every team member is aware of and agrees to these standards, Book Depot fosters a culture of integrity and respect across the organization while safeguarding employee rights and reinforcing its reputation as a responsible employer.

Due Diligence Processes

Training and Awareness:

All Book Depot employees undergo mandatory training designed to recognize and respond to instances of violence and harassment. This training is critical in preventing incidents and ensuring that employees know how to act in potential situations, thereby enhancing overall workplace safety. Violence and Harassment training is incorporated into the onboarding process for all new hires and forms part of the mandatory annual training refreshers required of all employees.

Awareness Campaign:

As part of our ongoing commitment to ethical standards and compliance, Book Depot introduced a new annual awareness campaign aimed at educating employees about the Act. This initiative was conducted via digital bulletin boards and was designed to ensure that all staff members were fully aware of our stance against forced labour and child labour. By incorporating this campaign into our yearly routine, we aim to reinforce our dedication to upholding human rights and maintaining transparency within our operations. This effort not only informed employees of the legal obligations under the Act but also promoted a culture of ethical responsibility and vigilance, reinforcing the company's zero tolerance for any practices that undermined our core values.

Regular Policy Reviews and Updates:

Book Depot's policies are reviewed annually, with input from the Joint Health and Safety Committee. This ensures that all policies remain relevant and effective, adapting to new challenges or legislative changes. Regular updates keep the workforce informed and engaged with the latest standards and practices, especially with child and forced labour rules.

Supplier Review Processes:

Book Depot has initiated a rigorous process of performing annual supplier reviews to ensure ethical compliance across its supply chain. These reviews target key suppliers and involve validating, that they publicly attest that they do not engage in child or forced labour within their organizations or their supply chains. By implementing these stringent measures, Book Depot reinforces its commitment to ethical business practices and ensures that its suppliers adhere to the highest standards of corporate responsibility. This proactive approach not only safeguards the integrity of Book Depot's operations but also promotes a culture of transparency and accountability within the industry.

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Purchase Orders

As part of Book Depot's commitment to ethical business practices, we have updated the Purchase Order terms and conditions to include a clear statement that all suppliers must adhere to ethical standards in alignment with United Nations guidelines and Canadian legislation. This update explicitly mandates that suppliers engaged in business with Book Depot are expected to prevent child labour and forced labour within their operations and supply chains. By implementing this condition, Book Depot reinforces its dedication to human rights and ensures that all parties involved in its supply chain uphold the highest standards of corporate responsibility. This proactive measure is designed to mitigate risks and promote transparency and accountability among suppliers.

Risk Identification and Management

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

This risk assessment used two 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.

Industry

Book Depot operates within the industry of wholesaling based in Canada. While the wholesaling industry's internal operations generally present a lower risk of forced and/or child labour, exposure may arise within the global supply chain, particularly in upstream activities such as third-party printing and raw material sourcing. This does not mean that evidence of forced labour or child labour was found to support this risk analysis but that there is an increased inherent risk which necessitates closer scrutiny by Book Depot to ensure those risks do not flow through to our supply chain and with whom we do business.

Countries of Suppliers

For the purposes of a risk assessment over countries where our goods are procured from, this report focuses on direct material suppliers. Book Depot procures from suppliers operating out of the USA, China, Canada, and United Kingdom. In terms of the four material countries, China is the only country with identified higher inherent risk of child or forced labour.

Type of Goods Procured

Book Depot's only procured good is books. Within the supply chain, the primary raw material for books is timber, which carries an inherent risk of child labour and forced labour. In contrast, the development and publishing processes themselves present a relatively low inherent risk. Therefore, while timber does pose elevated concerns, these risks are effectively managed when Book Depot's suppliers comply with the ethical standards required of them.

Remediation of Forced and Child Labour and Vulnerable Family Income Loss

Book Depot 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 to or noted within Book Depot, there has not been any need for us to report, correct or remediate any incidents of forced or child labour. Book Depot 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 the risk of forced labour and child labour within our supply chain.

Awareness Training

Book Depot has engaged a professional services firm to train a core team on child labour and forced labour, ensuring they understand the requirements necessary for compliance with the Act. This training covers the purpose and obligations of the Act, the types of entities it applies to, how to recognize indicators of child and forced labour, and proactive measures to prevent such practices within the supply chain. To reinforce leadership accountability, key members of management have also participated in this training, positioning them to guide compliance efforts across Book Depot and its supply chain.

In addition, Book Depot has implemented the policies noted above that align with the Act and has launched an annual awareness campaign to ensure employees remain informed about its requirements. As part of the onboarding process, new employees review the Employee Handbook to understand the company's expectations and standards. Relevant sections addressing child labour and forced labour include policies on abuse, unethical business practices, violence and harassment, and employee conduct.

Recognizing opportunities to further strengthen its approach, Book Depot is evaluating additional training options to enhance employee awareness and understanding related to the Act in the near future.

Assessing Effectiveness

Book Depot is committed to continually strengthening its self-assessment processes. This includes a thorough review of our supply chain practices to identify opportunities for improvement and to ensure that neither forced labour nor child labour is present. As part of this commitment, Book Depot is implementing several key enhancements:

Book Depot Activities

1. **Incident Disclosures:** Book Depot maintains a zero-tolerance stance toward workplace harassment and unethical business practices, including child and forced labour. Any reported incidents will be escalated to the CEO along with a timely action plan for resolution.
2. **Policy Review:** We are dedicated to regularly reviewing and updating our policies to ensure they remain accurate, relevant, and aligned with current operating conditions and the requirements of the Act.
3. **Employee Training:** Book Depot will continue to monitor employee training completion rates to ensure all mandatory courses are fully completed.
4. **Third-Party Review:** Since 2024, Book Depot has engaged an independent third party to conduct annual risk assessments of our supply chain and evaluate the effectiveness of our policies, controls, and monitoring activities related to preventing child and forced labour.

Supplier Activities

1. **Purchase Orders:** All suppliers working with Book Depot will receive Purchase Orders that clearly state the expectation that ethical business practices must be upheld.
2. **Supplier Monitoring:** Key suppliers will undergo annual monitoring through reviews and validation of their publicly available ethical declarations. Records of these assessments will be stored in a centralized repository to ensure consistent and documented oversight.

Steps Taken to Prevent & Reduce Risk of Child Labour or Forced Labour

Book Depot has taken the following steps to prevent and reduce the risk of child labour or forced labour within their activities and supply chain:

1. **Mapping activities:** As part of this report, Book Depot has mapped its activities to complete a risk assessment to align with the Act.
2. **Mapping supply chains:** As part of this report, Book Depot has mapped its supply chains to

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- complete an initial risk assessment to align with the Act.
3. Conducting an internal assessment of risks of forced labour and/or child labour in the organization's activities and supply chains: As part of this report, Book Depot has identified risks within its activities and supply chains that have inherent risks of child labour and/or forced labour.
 4. Contracting an external assessment of risks of forced labour and/or child labour in the organization's activities and supply chains: An external assessment of Book Depot's supply chain has been performed, to align with this Act.
 5. Ongoing training and awareness materials on forced labour and/or child labour: Book Depot has implemented training for new employees.

Conclusion

Book Depot has demonstrated a strong and ongoing commitment to strengthening its self-assessment processes and preventing child and forced labour within its supply chains. Through the implementation of robust policies, contractual requirements, employee training, and supplier monitoring, the organization has made meaningful progress in promoting ethical practices. Book Depot's continued efforts to map its supply chains, conduct annual risk assessments, and maintain safe reporting channels reflect a comprehensive approach to protecting human rights and upholding a zero-tolerance stance toward workplace harassment and inappropriate conduct.

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 Book Depot. 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.

Wilf Wikkerink

Full Name



Signature

CEO

Title

April 12, 2026

Date

I have the authority to bind 'Book Depot Inc.' and this report covers fiscal year June 2024 to June 2025 and applies to 'Book Depot Inc.'.