

Introduction

This report is Book Depot Inc.'s ("BD") response to Bill S-211, An Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff (the Act), sections 11(1) and 11(3).

As per the Bill S-211 reporting requirements, our entity satisfies the requirements of the Act for reporting on the impact of forced and or child labour in our activities and supply chain. The financial reporting year of BD covered by this report is June 30, 2022, and June 30, 2023.

Overview, Structure, Operations & Supply Chain

Overview

Book Depot operates as a corporation at 67 Front Street North, Thorold, ON L2V 1X3, where we operate with our primary facility. Established in the early 1980s, Book Depot initially focused on the wholesale of remainder books to retailers across North America. Over the years, we have capitalized on expanding markets and diversified our offerings to include overstock and returned books, growing significantly as online retail and demand for affordable books increased. In response to growing business needs and to streamline operations, we also maintain a secondary, smaller facility in St. Catharines, Ontario.

Structure

We have a diversified ownership structure involving individual stakeholders and their respective trusts, holding shares through various private holding companies. Ownership is distributed among several individuals, with the largest share of 25% in Book Depot Inc. held by one stakeholder via an Ontario Ltd. company. Other significant shareholders hold varying shares ranging from 12% to 22%, each through different Ontario Ltd. companies. Additionally, Book Depot Inc. owns 98.25% of its American subsidiary, American Book Company Inc., with the remaining 1.75% owned by another individual.

Operations

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, we supply a diverse range of books that cater to a variety of interests and age groups. We service a wide array of customers including large online retailers (such as Amazon and eBay), major bookstore chains (including Barnes & Noble and Indigo), 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 Inc.'s supply chain is a testament to its global reach and strategic procurement efforts, ensuring a steady flow of diverse literary offerings. The figure below presents the total makeup of our

supply chain by country (based on the number of suppliers). Book Depot has 97% of its supply chain in countries with low risk of forced or child labour.

As illustrated in Figure 1, the company's vendor base is geographically varied, with majority of our vendors located in USA, Canada, the United Kingdom, and Australia which portend low inherent risk of forced or child labour. There are 2 vendors identified based out of China including Hong Kong that have a higher risk of child labour or forced labour (which only make up 3% of total suppliers and less than 1% of dollars purchased)

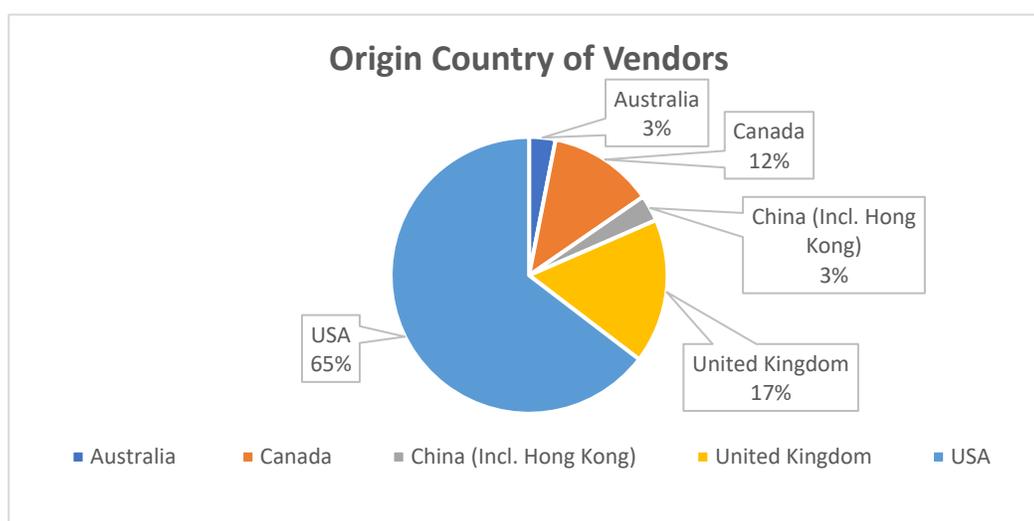


Figure 1: Origin Country of Vendors

Internal Policies & Due Diligence Processes

Book Depot Inc. prioritizes the creation of an inclusive, safe, and respectful work environment for all employees to prevent workplace violence and harassment. These are reflected in key policies outlined in the company's Health and Safety programs and Employee Handbook, which underscore our commitment to employment equity, and the prevention of harassment and discrimination in the workplace. Book Depot is compliant with labour laws in Canada and requires proper paperwork from any potential hire to ensure they are not underage as a deterrent to child labour.

Internal Policies

Health and Safety Programs:

Book Depot Inc.'s comprehensive Violence and Harassment Policy is a cornerstone of our commitment to a safe workplace, free from violence, harassment, bullying, and discrimination. This policy is applied universally across all locations and company events, ensuring consistent enforcement and awareness.

Employee Handbook (Manuals):

Our Employee Handbook clearly outlines the behaviors 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.

Due Diligence Processes

Training and Awareness:

All Book Depot Inc. 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.

Regular Policy Reviews and Updates:

Book Depot Inc.'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 labor rules.

Incident Reporting and Investigation Procedures:

A clear and accessible reporting mechanism is in place, allowing employees to report any incidents without fear of reprisal. Thorough investigations are conducted following any reports of violence or harassment, ensuring that all incidents are addressed promptly and appropriately, maintaining the integrity and safety of the workplace.

Supply Chain Risk Assessment

A risk assessment over our industry of operation, goods procured, and countries goods are procured from was performed over our material direct suppliers. This risk assessment used two separate indices to conclude on inherent risk of child and/or forced labour related to goods and countries - *Walk Free's Global Slavery Index and the US Department of Labor's List of Goods Produced by Child Labor or Forced Labor*. These indexes use in-depth research in forced labour and child labour.

Industry of Operation

Book Depot Inc. operates within the industry of wholesaling. Using the two indices noted above, the wholesaling industry has an inherent risk exposure regarding child labor and forced labor. 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.

Goods Procured

Book Depot Inc.'s sole procured good is books. In terms of the supply chain risk, for books, the principal raw material is timber, which portends an inherent risk of child labor and forced labor by the indices. 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 the goods we procure. This includes having oversight of

where our suppliers receive their goods, continuing to monitor the types of goods we procure, and the risk of forced labour and child labour associated with this class of good.

Countries Which Goods Are Procured From

For the purposes of a risk assessment over countries where our goods are procured from, this report focuses on direct material suppliers only – those accounting for at least one percent of the total supplier spend during the 2023 fiscal year.

Based on our publisher data in this category, our vendors procure goods from the following 4 countries: USA – 65%, China – 25%, Canada – 6%, and Italy – 2%. There are a few other countries that fall below the 1% threshold to make the full 100%. In terms of the 4 material countries, China is the only country with identified higher inherent risk of child or forced labor.

Remediation of Forced & Child Labor

At Book Depot Inc., we commit to remediate human rights incidents and violations that occur within our operations and supply chains. During the year 2023, we received zero (0) complaints about Human Rights' contraventions internally and externally. To mitigate the potential risk of child labor and forced labor within our supply chains, Book Depot currently has no mechanism at this time, but we are in the process of analyzing our supply chain to identify suppliers that may be at risk for forced or child labor and instituting the following measures for supplier due diligence:

1. Engage material suppliers for their policies on forced/child labor in the next fiscal period.
2. Development of a supplier onboarding questionnaire for new suppliers. We will do our best to reduce the risk of child/forced labor by sending questionnaires to material suppliers, we will rely on them to perform the same due diligence on their respective supply chains.
3. We will immediately cease partnership with a business if evidence of forced/child labour is found.

Remediation of Vulnerable Family Income Loss

Book Depot Inc. is in the process of understanding and evaluating its supply chain related to the risk of child labor and forced labor. To date, we have not identified instances of the use of child labor or forced labor within their operations or those of suppliers. Book Depot is continuing its review of procurement practices to enhance the rigor of its due diligence processes including raising awareness with its suppliers. Consequently, no remediation measures were required in respect to forced labour or child labour.

Awareness Training

Book Depot Inc. does not have training in place on the topic of child labour or forced labour. However, the policies identified above are relevant to this Act. When onboarding new employees, part of this process includes reviewing the Employee Handbook to ensure the individual understands the company's

standards and expectations. Sections within this handbook relevant to child labour and forced labour include acts of abuse, violence and harassment, and employee conduct and behaviour.

Book Depot Inc. recognizes the opportunity to enhance employee training relevant to this Act, therefore, will be evaluating applicable training for relevant staff in the foreseeable future.

Assessing Effectiveness

To track Book Depots' effectiveness of procedures to mitigate the risk of child labour and forced labour, the following mechanisms are in place, with some being future opportunities to integrate with suppliers:

Book Depot Activities

1. Total harassment incidents – Book Depot has a zero-tolerance for workplace harassment. All claims made regarding harassment will be reported to the CEO, including an action plan to resolve the issue in a timely manner.
2. Conduct and behaviour incidents - Book Depot has a zero-tolerance for inappropriate conduct and behaviour. All claims made regarding this will be reported to the CEO, including an action plan to resolve the issue in a timely manner.
3. Employee training: Book Depot will continue to track employee training completion metrics to ensure the completeness of mandatory courses.

Supplier Activities

1. Supplier questionnaire: A phased-in approach will be adopted to have suppliers complete a Supplier Questionnaire which will include specific questions regarding child and forced labour. This phased approach will begin with the largest suppliers first and will continue across the full supply chain within a reasonable time period. For each questionnaire submitted, Book Depot will collect responses in a centralized system, to understand how the risk of child labour or forced labour affects suppliers.

Steps Book Depot Can Take to Prevent & Reduce Risk of Child Labour or Forced Labour

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

1. Book Depot has mapped their supply chain to complete a risk assessment to align with the Act.
2. Conducted an internal assessment of risks of forced labour and/or child labour by identifying the good(s) within our supply chain that have inherent risks of child labour and/or forced labour.
3. Developed employee specific policies to create a channel where employees feel safe to report instances of workplace violence, harassment and bullying.

Going forward the following remediation measures against forced/child labour will be implemented

especially for our supply chains:

4. Identified the opportunity to integrate anti-forced labour and/or child labour standards/conduct into internal policies (employee handbook and training) as well as supplier due diligence procedures (supplier questionnaires).
5. Book Depot will utilize supplier questionnaires and onsite visits for key suppliers to monitor supplier relationships. Both mechanisms have been identified as opportunities to evaluate the use of forced labor and/or child labor.
6. Book Depot has identified the opportunity to develop employee training relevant to child labour and/or forced labour.

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.

Full Name: Wilf Wikkerink

Date: May 30, 2024

Title: CEO

Signature:

A handwritten signature in black ink, appearing to read 'Wilf Wikkerink', written in a cursive style.

I have the authority to bind 'Book Depot Inc.' and this report covers fiscal year June 2022 to June 2023 and applies to 'Book Depot Inc.'.