



## Canad Inns Ltd.

### Forced Labour and Child Labour in Supply Chain Assessment

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# Introduction

This report is Canad Inns Ltd’s (“Canad Inns”, “Entity”, “Corporation”, “Company”) 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).

Canad Inns is Manitoba's Largest Hospitality Provider and one of Canada's Best Managed Companies for 27 years. As a company, Canad Inns has received numerous awards in appreciation of its leadership in the hospitality industry and its commitment to the community.

Canad Inns satisfies the definition of an Entity within the Act by having a place of business in Canada, doing business in Canada, having assets in Canada, and meeting both the revenue and asset thresholds.

This report covers the financial year June 1, 2024-May 31, 2025. This is the second submission of the joint report submitted by Canad Inns and its subsidiaries. The office address of Canad Inns Ltd. is at 301 – 930 Jefferson Ave. Winnipeg, MB R2P 1W1.

As of March 2024, Canad Inns started the assessment of forced and child labour within its supply chain. Canad Inns has reached out to some of its major suppliers by sending questionnaires intended to gather information and understand their supply chain processes. Given that Bill S-211 is a new Act, Canad Inns will continue to evolve its internal processes and promote awareness among its employees and suppliers.

## Structure, Activities & Supply Chain

### Structure and Activities

Canad Inns and its subsidiaries are primarily engaged in hotel and restaurant operations throughout Manitoba, and Grand Forks in North Dakota. The Corporation is incorporated under the laws of the Province of Manitoba.

The Corporation is governed by the Board. The Board is composed of a Chair and two directors. The executive team is composed of the President, Chief Executive Officer (“CEO”), Executive Vice President (“EVP”) of Construction & Facilities Management, Senior Vice President (“SVP”) of Finance, Senior Vice President (“SVP”) of Revenue Management, two (2) VP’s of Operations, VP of Community Relations & Corporate Identity, VP of Food & Beverage, and Corporate Chef.

### Supply Chain

Canad Inns and its subsidiaries have about 742 direct suppliers with 97.88% based in Canada, 2.12% based in the United States of America, and 0.004% based in England, France, and Germany. (Refer to Figure 1)

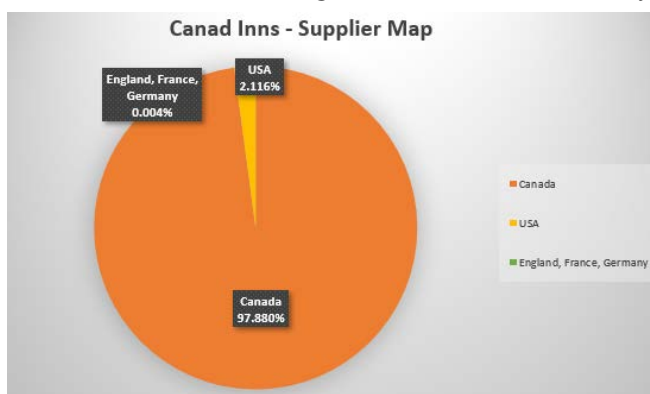


Figure 1

# Policies & Due Diligence

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## Policies

Canad Inns has policies and processes that adhere to industry standards and its corporate culture to promote ethical operations.

Some of these policies include the following:

- A. **Employee Code of Conduct** – this document summarizes certain standard behaviour that all Canad Inns employees must observe and rules that are to be followed in the proper conduct of business.
- B. **Management Code of Conduct** – this document includes Canad Inns’ statement of values and business ethics, promoting a workplace that is respectful of personal differences and is free of harassment and discrimination, as well as discussion on conduct and behavior standards, and conflict of interest.
- C. **Orientation Manual** – this is Canad Inns exclusive and comprehensive certified staff training program. It helps employees familiarize themselves with Canad Inns policies and different departments. Some of the key sections include discussions on:
  - **Employment Equity** that recognizes the value and dignity of each individual and ensures that everyone will have genuine, open, and unhindered access to employment opportunities
  - **Human Resources (“HR”) Policies** that discuss common HR policies on attendance and staff benefits
  - **Privacy Policy** that discusses Canad Inn’s commitment to protect privacy of guests and maintaining the integrity of personal information.
  - **Education and Training Policy** that discusses the entity’s commitment to continued education and career path for all employees and its efforts to assist employees in self-development.
  - **Workplace Harassment Policy** that summarizes Canad Inns’ commitment to provide a safe and respectful environment free from harassment for all staff and guests.
  - **Workplace Violence Prevention** that summarizes the Entity’s commitment to provide a healthy and open work environment free from workplace violence and prohibits any conduct, whether intentional or unintentional that results in violence or constitutes a threat of violence to the health and safety of any individual.
  - **Background and Reference Checks Policy** stating the requirement to perform criminal background checks on all employees once a conditional offer of employment has been extended by the hiring manager. The checks are based on position, department, and responsibility. Reference checks are also performed to ensure that individuals who join Canad Inns are well-qualified and have a strong potential to be productive and successful.
  - **Health and Safety Handbook** that provides an overview of the general guidelines for health and safety and risk control in a Canad Inns facility.

## Supplier Due Diligence

Canad Inns' suppliers are vetted through the corporate office and any significant contracts are signed by the CEO and/or President. Canad Inns' suppliers are expected to abide by its policies regarding business conduct as part of their agreement.

Canad Inns has initiated the distribution of supplier questionnaires, addressing concerns regarding the mitigation of child or forced labour within supplier activities. These questionnaires seek further details and supporting documentation from suppliers, serving as a due diligence measure to verify the accuracy of their responses. This proactive approach exemplifies Canad Inns' commitment to ethical sourcing practices and accountability throughout its supply chain.

## Risk Assessment

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A risk assessment of Canad Inns' industry of operation, goods procured and countries where goods are procured from has been performed over material direct suppliers. Material direct suppliers for the purpose of this reporting are those suppliers that make up the top 80% of procurement spend.

This risk assessment used two separate indices to conclude on 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 of Operations

Canad Inns operates within the hospitality industry. Canad Inns operates regionally and is based in Manitoba, Canada with mostly local suppliers which minimizes the risk of use of forced or child labour.

### Countries Goods are Procured From

For countries of origin, 97.880% of suppliers are based in Canada while the remaining percentages are from the US, England, France, and Germany, all of which are low-risk countries per the Global Slavery Index by Walk Free Organization and the US Department of Labour.

### Goods Procured

Per the 2024 List of Goods Produced by Child Labour or Forced Labour published by the US Department of Labour's Bureau of International Labour Affairs, food supplies and hospitality materials belong to high and extreme-risk categories. Canad Inns minimizes the risk of forced and child labour by procuring locally.

## Remediation of Forced & Child Labour

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To mitigate the risk of child labour and forced labour within supply chains, Canad Inns has initiated the distribution of questionnaires to suppliers to evaluate this risk across its supply chain. From responses received, no instances of child labour or forced labour were identified yet.

## Remediation of Vulnerable Family Income Loss

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Canad Inns is in the process of understanding and evaluating its supply chain related to the risk of child and forced labour. To date, Canad Inns has not identified instances of the use of child labour or forced labour within its operations or those of suppliers. Canad Inns will review procurement practices to enhance the rigor of its due diligence processes including raising awareness with its suppliers.

## Awareness Training

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In fiscal year 2023, the CEO, VP of Financial Information Services, and President attended a training on Bill S-211. This training included the following:

- An overview of the Act and other similar laws around the world, the definition of forced and child labour, and its forms along with some examples of child and forced labour both globally and in Canada.
- A snapshot of how modern slavery looks recently including statistics of how many people are suffering from modern slavery around the world.
- Common key drivers of forced and child labour such as the absence of rights, lack of physical safety, poverty and inequality, criminality, and corruption among others.

Canad Inns has identified the below individuals as those who will be required to complete formal training on this subject:

- Department Managers and Supervisors
- Security
- Guest Services
- Housekeeping
- Expected to be completed within 30 days of employment

Training pertaining to this Act will be assessed continuously, ensuring both awareness and actions to be taken.

## Self-Assessment Process & Requirements

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Beginning in 2024, Canad Inns had started a self-assessment and internal accountability process in relation to forced and/or child labour.

Though the assessed risk for forced and child labour within Canad Inns is low, Canad Inns will continuously assess and determine if there are areas in its supply chain that are at risk of forced or child labour.

To track Canad Inns' effectiveness of procedures to mitigate the risk of child labour and forced labour, the following will be assessed:

### Internal Activities

1. Policy review: Canad Inns has committed to refine policies to ensure relevance and accuracy based on the current operating conditions in accordance with this Act.
2. Orientation Manual: this document is available to all employees to ensure that they familiarize themselves with Canad Inns' policies and serves as a valuable resource and reference in understanding Canad Inns. This document will also be refined to ensure relevance and accuracy based on the current

operating conditions in accordance with this Act and would include reporting any incidents of forced and child labour.

3. Code of Conduct Acknowledgement: During employee onboarding, signing the code of conduct demonstrates their understanding and commitment. Canad Inns periodically requires sign-off from existing employees. This process ensures ongoing adherence to company standards and practices.

### Supplier Activities

1. Supplier Questionnaires: Canad Inns is in the process of collecting questionnaire responses from suppliers. These questionnaires specifically ask suppliers for details about their risks and processes related to child labour and forced labour.
2. Annual Attestation: on a risk-based approach, Canad Inns will require selected suppliers to provide a yearly attestation that its business practices align with the requirements of Bill S-211.

## Conclusion

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Given that Bill S-211 is a new act, Canad Inns will continue to evolve its internal processes. Canad Inns continues the assessment of forced and child labour within its supply chain and recognizes the opportunity to provide awareness among its employees about forced and child labour.

## Approval & Attestation

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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 the entity or entities listed above. 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.

Dan Lussier

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Full Name

Signature

CEO

Title

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June 13, 2025

Date

I have the authority to bind Canad Inns Ltd. and this report covers the fiscal year ending May 31, 2025 and applies to Canad Inns Ltd. and its subsidiaries.