



Zak's Building Supplies Group

Bill S-211 report; Forced Labour in Canadian Supply Chains

Introduction

This report outlines the processes and measures that Zak's Building Supplies Group ("Zak's") has taken and continues to take in regards to Bill S-211; Forced Labour in Canadian Supply Chains. This report will reflect Zak's operations for the fiscal year ended January 31, 2024.

Zak's has been a long time dealer of Home Hardware Stores Limited. Home Hardware is a buying group that gives our company access to a number of suppliers in Canada which are approved by Home Hardware. Our business has the potential to use any buying groups available, however we continue to be a part of Home Hardware as a dealer for a number of reasons which includes their commitment to sustainable and responsible business practices. Home Hardware is continually recognized as a top managed company which considers a number of factors, including serving communities and emphasis on ESG matters.

Actions taken to reduce the risk of forced and child labour

Our company's affiliation with Home Hardware is a testament to the values that we share. Through discussions with Home Hardware and review of their report, measures taken in efforts to reduce the risk of forced labour and child labour in its operations include:

- Initiated the mapping of key suppliers with categorizations for jurisdictions and industries of operations based on publicly available information.
- Conducted a gap analysis of HHSL's current policies and procedures related to forced labour and child labour and identified certain opportunities that may exist for us to strengthen human rights considerations in our supply chains and operations.
- Conducted a high-level internal assessment of the risks of forced labour and/or child labour in our supply chains to strengthen our supplier due diligence process.
- Continued the monitoring of our ethics and wrongdoing reporting channel for any complaints related to human rights and/or labour issues; and
- Initiated the development and implementation of a quality assurance sourcing program for private label merchandise suppliers.

Operations

Zak's main office is located in Hague Saskatchewan, and also operates retail stores in Warman, SK and Saskatoon, SK. The group of companies has two major lines of business.

- 1) Retail division
- 2) Construction/contractor services

The retail stores source nearly all of their product from Home Hardware and their group of suppliers. Product offerings include a wide-range of building materials such as lumber, flooring, paint, etc. along with household and other miscellaneous items.

Zak's construction division includes agricultural, residential and commercial projects. In addition to many local staff being hired by the company, Zak's makes a concerted effort to use local subcontractors.

Suppliers

As mentioned, Home Hardware is the provider of substantially all product that Zak's sells, and also makes up a substantially all of items used in construction. Through review of Home Hardware's reporting, it is noted that goods are sourced globally, with majority of offshore goods being sourced from China. It is acknowledged that this is generally a higher risk area to source goods from, which led our company to ensuring that Home Hardware recognizes this and is working to mitigate these risks. Home Hardware places an emphasis on working with suppliers that have a positive community impact and have a dedicated Supplier Quality Assurance Program guide. Zak's has reviewed the supplier guide that Home Hardware has created and reiterates this in many of the company's stand-alone activities.

Employment Practices

Zak's provides a positive work environment for its employees which begins with ownership and management. As a family-run business, Zak's is committed to fostering this same family-first feel to its employees. This is communicated to employees and demonstrated on a day-to-day basis through caring for employees and the quality of life for them and their families. During the hiring process, Zak's places an emphasis on selecting individuals that hold strong values and will contribute to a positive culture in the workplace.

In addition to maintaining strong values and culture, Zak's also complies with rules and regulation as it relates to employment law, and has a strong reputation for safety and equality.

Action

Although Zak's does not source product directly from overseas or high-risk areas, we recognize that this may be done through our supply chain and that there are associated risks. As a member of Home Hardware, the main steps Zak's has taken is:

- Review, assess and evaluate the risk assessment and responses that Home Hardware has taken in regards to the Forced Labour in Canadian Supply Chains Act. After reviewing Home Hardware's report and related materials available, we are satisfied with the action being taken and are moving in a direction that mirrors Zak's values as an organization. Zak's will continue to evaluate the risks of forced labour and child labour and how our business can mitigate this.

Attestation

This report has been approved by the directors of Zak's Building Supplies Group for the fiscal year ended January 31, 2024. In my opinion, the information in this report reflects accurate representations of Zak's operations, risk assessment, and actions taken as it relates to the Forced Labour in Canadian Supply Chains Act.



Lance Zacharias

May 24, 2024