



Vrancor
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Report on Forced Labour and Child Labour in the Supply Chain

Reporting Year: July 1, 2022 to June 30, 2023

Structure

Vrancor Group Inc. (“Vrancor”) is a privately held company based in Ontario. Vrancor owns a number of private corporations in Ontario that operate hotels, banquet halls, franchise Starbucks, rental apartments, and land holdings for future development. While none of the individual corporations within the group meet the threshold required to file a report, on the basis of consolidated results Vrancor would meet the threshold. Vrancor is filing a consolidated report on behalf of all of the individual entities owned by the holding company. Vrancor’s primary business is to be the franchise operator of a number of branded, including one independent, hotels in Ontario. These hotels are operated to brand standards, using primarily brand approved suppliers. Vrancor is also engaged in Property Management of two apartment buildings and a block of townhomes in Hamilton, Ontario. Additionally, Vrancor operates a small number of banquet halls and franchised Starbucks locations. The Group employees approximately 1,000 employees throughout its subsidiary corporations. Vrancor is committed to smart growth, we effectively adapt to changing market demands in order to deliver market leading ROI. Vrancor’s experienced and diverse corporate team offers expertise in multiple disciplines including operations, finance, sales, marketing and human resources. We specialize in building, (re)developing and managing award-winning properties in Ontario, when it comes to hotel, residential or commercial spaces.

The majority of Vrancor’s suppliers are based in Canada and the US, and for the most part are pre-approved by the individual hotel brands with whom we have franchise agreements. From time to time Vrancor will engage in importing material sourced outside of Canada to facilitate the ongoing construction or renovation of any its various properties. These purchases are arranged through a 3rd





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party broker, who acts as the Broker of Record, either in the United States or Croatia, that helps facilitate all sourcing, transportation, duties, regulatory filings on behalf of Vrancor.

Policies & Due Diligence Process

Vrancor applies all of the policies and procedures of the individual brands at the properties it operates. This includes policies related to forced labour & child labour in the workplace and supply chains. While at present Vrancor does not have its own specific policy related to forced labour in our supply chains, most of our suppliers are pre-approved by individual hotel brands. The products we import directly are sourced through reputable brokers specializing in the hospitality sector, with whom we have built years of experience. Vrancor will work to enhance our due diligence process in the coming fiscal year ending June 30, 2025 through a number of new initiatives. Vrancor will create a supplier questionnaire to better assess our suppliers policies and practices related to their supply chains. Vrancor will draft an internal policy for employees involved in the import of products into Canada to ensure risks associated with forced labour and child labour are mitigated. Finally, Vrancor will implement a reporting process to allow for any concerns regarding labour practices in our supply chain to be reported anonymously. Vrancor will regularly review our policies and procedures, on an annual basis at minimum, to ensure they remain effective and relevant, and are in line with international best practices in mitigating risks of forced labour and child labour in our supply chain.

Forced Labour & Child Labour Risks

Vrancor has a zero-tolerance approach to forced labour and child labour in both our workplace and our supply chain. Vrancor understands there are risks of forced labour & child labour in any supply chain. Vrancor sources material from China (90% of our overseas imports) and Croatia (10% of our overseas imports). Both China and Croatia appear on the Walkfree.org Global Slavery Index with estimated prevalence of modern slavery of 4.0/1,000 and 5.2/1,000 respectively. The U.S. Department of Labour's





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list of goods produced by forced labour does not list specific industries of concern from Croatia, however, textiles from China, which are imported by Vrancor are listed as an area of concern. Vrancor will look to implement a supplier questionnaire in the coming fiscal year ending June 30, 2025, to better understand the policies and practices of our existing suppliers. Vrancor will also explore other best practices suppliers can implement to mitigate risks of forced labour and child labour in our supply chain.

Remediation Measures

To date Vrancor has not experienced any known cases of forced labour or child labour in our supply chain. In the event we uncover any instances of child labour or forced labour we will collaborate with our suppliers to apply internationally accepted best practices to remediate the situation.

Remediation Measures – Loss of Income

To date Vrancor has not experienced any known cases of forced labour or child labour, which has resulted in enforcement actions that have caused a loss of income to a vulnerable person in our supply chain. In the event we uncover any instances of child labour or forced labour we will collaborate with our suppliers to apply internationally accepted best practices to remediate the situation, and limit any loss of income to any effected vulnerable people.

Training

Currently Vrancor has a comprehensive Human Rights policy in place and adheres to all local laws regarding employment practices. Currently, Vrancor does not have a specific policy or training related to forced labour and child labour in the supply chain. All Managers at our branded hotel locations undergo extensive training provided by their respective brands with whom we hold franchise agreements. Vrancor intends to create a training manual for managers involved in the import of goods from overseas.





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This will be implemented alongside with a questionnaire to be completed by suppliers importing material into Canada on our behalf.

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 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.

Andrew Karik

Andrew Karik
Chief Financial Officer
May 31, 2024

I have the authority to bind Vrancor Group Inc.

