

## 2024 Annual Report

### Forced Labour in Canadian Supply Chains

Anatolia Tile & Stone Inc.

Anatolia Capital Corp.

Anatolia Tile & Stone Inc. is a leading importer and distributor of ceramic and stone tile and is a major supplier to some of the largest distributors throughout the United States, Canada, and Europe. The headquarters are located in Toronto. The Company is a privately owned 100% Canadian corporation that has been growing rapidly. The Company has several distribution centers and offices globally.

Anatolia Capital Corp serves as the real estate division of Anatolia, engaging in a spectrum of business endeavors encompassing the acquisition, leasing, development, and redevelopment of both commercial and industrial properties in the Greater Toronto Area in Canada and in the United States.

In Anatolia, we embrace Environmental, Social, and Governance (ESG) principles and integrate ethical, social, and environmental considerations into our core business strategy. We understand that the practice not only fulfills our social responsibilities but also unlocks a range of strategic, operational, and financial benefits. This holistic approach to business ensures sustainable growth, risk management, and alignment with the values of ownership, customers, and society at large.

As an importer and distributor, we see that forced labour and child labour remain pressing global issues despite international efforts to eradicate them. These practices violate basic human rights and hinder social and economic development. The impacts of forced labour and child labour are profound, affecting individuals, families, and societies. To combat forced labour and child labour, Anatolia has adopted due diligence practices to prevent and reduce the risk that forced labour or child labour is used at any step of goods imported into Canada. Our efforts are carried out in the following business processes.

#### Supplier Selection

Anatolia's procurement department has control procedures and corresponding records during the supplier selection process.

- Supplier submits application form to the procurement department, the information related to forced labor and child labor needs to be included, and demonstrate meeting country laws and local regulations

- A representative of the procurement department arranges an inspection to validate the accuracy of the application. Not all inspections are scheduled; surprise inspections are conducted from time to time
- Inspector documents findings based on a checklist for the supplier's social responsibilities, including forced labor and child labor, health safety, facilities, and fire protection
- The procurement manager reviews the application and inspection report to determine the final selection. A supplier not meeting the social responsibility requirement will be disqualified

### **Ongoing Monitoring Procedure**

Anatolia's procurement department continues monitoring the suppliers through an annual audit to ensure that there is no violation of the forced labour and child labour policy.

- Similar to the initial inspection, a representative conducts an annual audit inspection onsite as well as reviews related documentation
- If any violation point is found during the audit, the supplier must provide the corrective action plan within 1 week after the social responsibility audit
- The rectification time of violation points depends on the risk rating and the difficulty of rectification of the processing plant, usually within 30-90 days, and the specific time is referred to the audit standard. If multiple non-compliance points are found in one audit report, the supplier is required to provide different evidence of improvement at different stages.
- After the completion of the improvement of the violation points found after the last review, the procurement department will conduct routine follow-up reviews within 60-180 days based on the audit results to ensure that the relevant violations have been improved

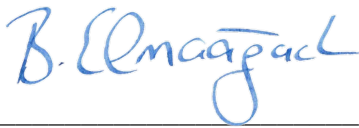
### **Continuous Improvement**

Although combatting forced labor and child labor presents a multifaceted challenge that involves legal, economic, social, and cultural dimensions, Anatolia has taken our corporate responsibility very seriously and implemented ethical sourcing policies. The management team continues to examine the procurement process and to identify opportunities for improvement.

- Reinforce Anatolia's procurement policy to all our sourcing countries, especially in countries that lack comprehensive laws against forced labour and child labour
- Enhancement in the written policies to improve guidelines, procedures, and assessment checklists
- Improve the corresponding record of monitoring and evaluation, to ensure completeness and better record-keeping
- Improve training and awareness by conducting regular training sessions for employees, suppliers, and business partners to ensure they understand the policy and the importance of combating forced labour and child labour

- Regular reporting on progress in combating forced labour and child labour, including successes, challenges, and future plans

Anatolia proudly contributes to the well-being of society and the environment beyond our financial goals. We adopt sustainable business practices, such as reducing carbon emissions and waste, ensuring fair labor practices, and supporting community development initiatives. By prioritizing ethical considerations and transparency in our operations, we can build trust with customers, enhance our brand reputation, and foster long-term growth.



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**Bekir Elmaagacli**

Co-CEO

May 30<sup>th</sup> 2025