



Life Well Styled.

## **2023 Modern Slavery Report**

### **Giftcraft Ltd.**

#### **Introduction**

Forced labour and child labour (together referred to as “Modern Slavery”) represent egregious violations of human rights and are considered to be a criminal offense. In response to the issue that Modern Slavery has presented on a global scale, the Canadian Government has committed to prevent and reduce the risk of Modern Slavery and has established legislation in 2024 in this regard.

As a Canadian wholesale company, Giftcraft Ltd. (“Giftcraft” or “the Company”) acknowledges the pivotal role it plays in upholding the highest ethical standards within its operations and throughout its supply chains.

#### **About this Report**

Giftcraft has prepared this 2023 Modern Slavery Report (“Report”) for the reporting period of January 1, 2023, to December 31, 2023 (“2023 fiscal year”) in response to Canada’s “Fighting Against Forced Labour and Child Labour in Supply Chains Act” (“the Act”) and related guidance from Public Safety Canada. The Act requires specified entities to outline the actions they have taken during the fiscal year to prevent and mitigate the risk of Modern Slavery within their operations and supply chains.

This joint Report has been prepared by Giftcraft Ltd. as the main reporting entity and the following affiliate:

- Giftcraft Holdings Inc. (parent company of Giftcraft Ltd.)

The Report describes the steps taken by Giftcraft to prevent and mitigate Modern Slavery risks in its operations and supply chains for the 2023 fiscal year, and it identifies activities the Company intends to action to address Modern Slavery risks in the near term.

# **Business Overview, Structure, Supply Chain and Core Principles**

## **Business Overview**

Giftcraft is a North American leader in product development and innovation of lifestyle products, aimed at inspiring cherished memories throughout life's special occasions. The Company is 100 percent owned by Giftcraft Holdings Inc.

With over 85 years of industry experience, the Company has evolved into a trusted product partner for over 10,000 specialty retailers and department stores across North America. Headquartered in Toronto, Ontario, the Company is committed to fostering creativity and excellence in design, distribution and delivering top-tier products for its retail partners.

## **Structure**

Giftcraft Ltd. is 100 percent owned by Giftcraft Holdings Inc.

## **Supply Chain**

Giftcraft actively sources goods for its own consumer goods brands, including giftware, home décor, fashion, garden and seasonal products. In 2023, Giftcraft's supplier base included approximately 450 active suppliers spanning 12 countries outside of Canada. The majority of these goods were sourced from the Asia and Southeast Asia regions and included home décor, gifts, wellness and apparel category products for its control brands.

## **Core Principles**

Giftcraft's core principles of integrity, respect, loyalty, continuous improvement and quality in all of its actions provide the foundation of its culture, the way it expects to conduct its business and how it expects its suppliers and business partners to demonstrate these principles. Giftcraft's conformance to these principles is evident in the way the Company interacts with its employees, business partners, consumers and greater community.

Figure 1: Percentage of Total Suppliers

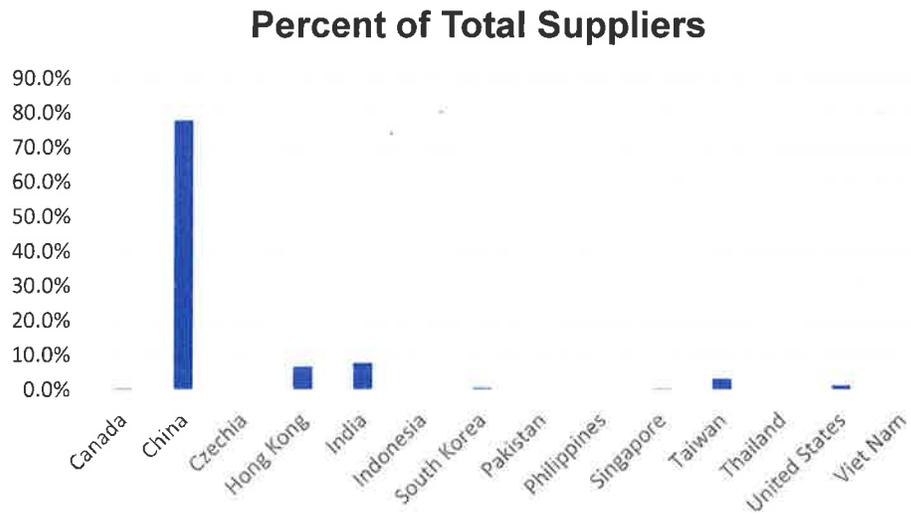
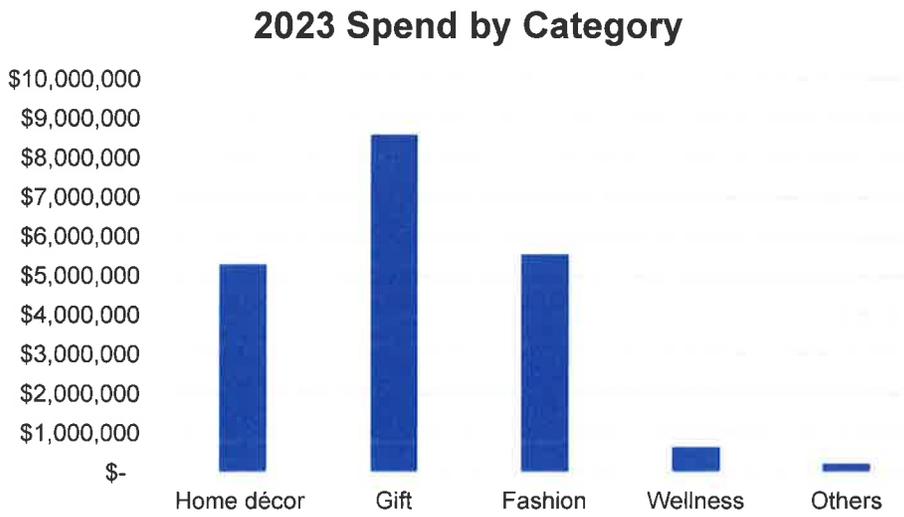


Figure 2: Yearly Spend per Category



## **Company Policies**

Giftcraft is committed to upholding the highest standards of ethical conduct and social responsibility. The Company condemns all forms of Modern Slavery, including forced labour, child labour and human trafficking, and is dedicated to taking proactive measures to prevent and mitigate these risks within its supply chain. Through its organizational and governance policies, such as the Anti-Discrimination Policy and Conduct & Discipline Policy, the Company communicates its values and expectations, setting a high standard for the Company, its suppliers, and business partners. Giftcraft does not tolerate any form of Modern Slavery and is committed to consistently evolving and improving its approach. The Company makes a concerted effort to monitor the performance of its suppliers and to prevent its activities from having a negative human rights impact. Giftcraft's relevant policies are discussed in further detail below:

### **Code of Business Conduct and Ethics**

Giftcraft is committed to conducting its business in a lawful and ethical manner. The Company's Code of Business Conduct and Ethics ("the Code") provides the Company's guiding principles on professional conduct, and establishes that all employees should act lawfully, ethically and in the best interest of the Company when performing their job function.

### **Supplier Code of Conduct**

Giftcraft's Supplier Code of Conduct details the requirements and expectations that the Company has for its suppliers, supply chains, and other service providers with whom it engages. The Company expects its suppliers to comply with all applicable legal requirements in the jurisdictions in which they operate and to consistently monitor and enforce Giftcraft's Supplier Code of Conduct through their own operations and supply chain. Giftcraft's Supplier Code of Conduct also sets forth the Company's principles of inclusivity and accountability. The Company engages with suppliers that are committed to these Giftcraft principles and are willing to commit to these standards as a condition of doing business with Giftcraft. The Company reviews its Supplier Code of Conduct when onboarding new suppliers and on an annual basis to ensure that it is in line with current best practice.

### **Whistle Blower Policy**

In 2024, Giftcraft will implement a Whistleblower Policy to provide a mechanism for its employees and broader stakeholders (suppliers, customers, shareholders etc.) to voice their concerns regarding Giftcraft's business conduct without fear of victimization, subsequent discrimination or disadvantage. The Policy is intended to encourage and enable employees to raise concerns related to suspected violations of the Code of Business Conduct and Ethics. It is also intended to encourage suppliers to raise concerns regarding suspected violations of the Supplier Code of Conduct. This new Whistleblower Policy will apply to all employees and those contractors working for Giftcraft. <http://vendor.giftcraft.net>

## Due Diligence

Giftcraft has implemented robust due diligence processes to address Modern Slavery within its supply chains. The Company is committed to responsible supply chain practices and requires each of its suppliers to comply with the Modern Slavery laws within their own jurisdiction.

The following due diligence processes are in place to ensure that the Company's procurement of goods and services adhere to its principles and policies:

### Supplier assessments

Giftcraft believes in working with suppliers that demonstrate high standards of ethical business conduct and expects its suppliers to comply with the principles outlined in the Company's Supplier Code of Conduct.

The Company assesses potential and existing suppliers based on their commitment to ethical labour practices, compliance with labour laws, and adherence to international standards.

In 2023, Giftcraft built a Self-Serve Supplier Onboarding Process. This Process collects basic supplier corporate and commercial details to include in Vendor Setup Forms, Vendor Social Audit Self-Assessment Questionnaires, and the "*Against Forced Labour Business Partner*" Letter.

Giftcraft's Procurement team review all documents submitted by suppliers to ensure that they adhere to ethical labour standards, prohibit Modern Slavery and ensure compliance to the Company's Supplier Code of Conduct and Supplier Guide. Any non-compliance will disqualify the vendor from Giftcraft's supplier onboarding process. These measures help to ensure that Giftcraft's supplier ecosystem contains qualified suppliers that meet its business, regulatory, and legal requirements before being awarded work.

### Supplier audits

The Company's Internal Audit team administers the Audit Compliance Program that is designed to confirm that suppliers uphold the Supplier Code of Conduct, including provisions related to Modern Slavery.

Reports of Modern Slavery are received through its Supply Chain Compliance and Factory Audits Program, a component of the Company's Audit Compliance Program. Should a supplier fail to comply with the Supplier Code of Conduct, Giftcraft reserves the right to require corrective action. If a supplier fails to implement corrective action or fails to comply with the Supplier Code of Conduct, they are no longer considered to be an approved supplier and are removed permanently. Giftcraft will not knowingly work with suppliers that operate unethically, unsafely, violate the law, compete dishonestly, or implement unfair business practices.

Giftcraft conducts audits of select suppliers (approximately 15 percent of total suppliers) based on pre-established criteria as contractually outlined by select customers in their purchase agreements with the Company. Giftcraft leverages third-party agents to conduct Social Audits with these suppliers. Through these audits, the Company evaluates its supplier labor practices to identify any areas of concern for specific business categories and customers.

## Contractual obligations

Giftcraft includes clauses in its supplier agreements requiring adherence to ethical labour standards and prohibiting Modern Slavery.

Moving forward, in 2024, suppliers will be requested to sign purchase orders with a condition that they accept the terms of the Supplier Guide and affirm compliance with the Supplier Code of Conduct.

As part of the Company's supplier onboarding process, suppliers must accept the terms of the Supplier Guide and affirm compliance with its requirements. The Company's Supplier Code of Conduct sets minimum expectations and guidelines for suppliers and requires that they comply with applicable laws, including those regulations related to Modern Slavery. The Supplier Code of Conduct specifically focuses on worker rights and protections, with a particular emphasis on prohibiting child, forced and trafficked labour. When supplier's change ownership, address, or when they subcontract their production process, Giftcraft requires the supplier to reaffirm and sign the onboarding process again.

Giftcraft has enhanced its standing pledge with fashion suppliers, expanding the Company's commitment to not knowingly source cotton or textile products using cotton produced from Uzbekistan and Turkmenistan, or the Xinjiang Uyghur Autonomous Region of China due to widespread evidence that these countries employ forced and child labour in their cotton harvests. These regional restrictions are noted in Giftcraft's supplier agreements, and moving forward, the Company will require relevant suppliers to complete an annual attestation confirming that they are not sourcing from these regions.

## Risk Assessment

In 2023, Giftcraft conducted an Initial Risk Review. This Review identified Modern Slavery risk levels for Giftcraft business as:

- lower within its business operations, considering the legal, regulatory, and market practice frameworks in place within Canada; and
- higher in the production and distribution areas of its supply chains. Global commodity sourcing, and manufacturing and logistics (including maritime transport) occur in overseas countries where Modern Slavery legislation has not been established with goods deemed to be higher risk by the *US Government 2022 List of Goods Produced by Child Labour or Forced Labour*. The majority of these high-risk goods include raw goods such as cotton, and rubber that are components of the products that Giftcraft purchases from its suppliers.

[2022 The List of Goods Produced by Child Labor or Forced Labor - Human Trafficking Search](#)

Giftcraft operates within a global supply chain, sourcing products from various suppliers and manufacturers. While the Company strives to partner with reputable and ethical suppliers, it acknowledges that Modern Slavery is a complex issue that can exist in a variety of forms throughout its global supply chains. This assessment of risks considers factors such as geographic location, industry sector, and previous incidents or allegations of labour exploitation.

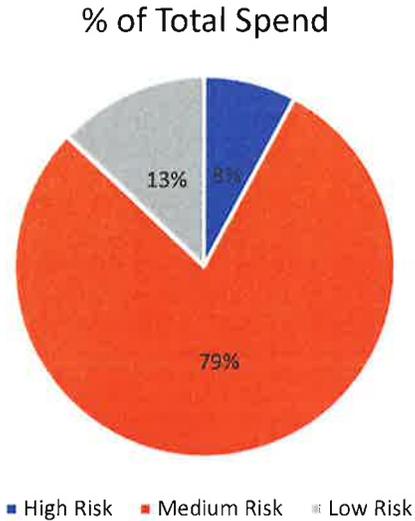
Informed by the [Global Slavery Index \(walkfree.org\)](http://walkfree.org), Giftcraft scored its suppliers between 1-4 (1 being low risk and 4 being very high risk) based on country risk.

**Figure 3: Giftcraft Supplier Risk Assessment Per Country**

Country	Risk of Child Labour	Risk of Forced Labour	Combined Average Score
Canada	1	1	1
China	1	2	1.5
Czech Republic	1	2	1.5
Hong Kong	1	1	1
India	2	3	2.5
Indonesia	2	3	2.5
South Korea	1	1	1
Pakistan	4	4	4
Philippines	2	3	2.5
Singapore	1	2	1.5
Taiwan	1	1	1
Thailand	2	3	2.5
United States	1	1	1
Viet Nam	2	3	2.5

The pie chart below titled: *Giftcraft Suppliers: Country Risk Per Yearly Spend Assessment* indicates that countries ranked 1 are considered to be at low risk, countries ranked from 2 to 3 are deemed to be at medium risk and countries ranked from 3 to 4 are considered to be at high risk.

Figure 4: Risk Supplier-County Risk Per Yearly Spend Assessment



To further understand the suppliers that bring the greatest exposure to Modern Slavery Risk, Giftcraft requires its suppliers to address the following questions as outlined in its Supplier Code of Conduct. Any non-compliance (i.e., failure to respond to the questions or providing a non-compliant response in accordance with the Supplier Code of Conduct) will result in a cease and desist with the supplier. A sample of the questions included in the Supplier Code of Conduct are noted below:

- Is labour voluntary?
- Are workers properly compensated?
- Are workers exploited?
- Do work facilities comply with applicable employment standards (including minimum age)?
- Are working hours consistent with local laws and standards?
- Do facilities meet health and safety laws and regulations?

In 2024, Giftcraft plans to implement a formal multi-step process, including current state assessment, gap analysis, supply chain risk assessment and stakeholder engagement, to improve the Company’s understanding of Modern Slavery Risks within its supply chain and identify opportunities to strengthen policies and processes across the enterprise, including our international supply chain.

## Remediation Measures

Through Giftcraft's Supplier Code of Conduct, suppliers are required to monitor the compliance of their operations with the terms of this Code. All suppliers must share the Supplier Code of Conduct with any related parties, such as their contractors, sub-contractors and sub-agents, including any labour agencies who are engaged to assist with providing goods or performing services for Giftcraft.

In accordance with the Act, Giftcraft has conducted an assessment of its activities and supply chains and has not identified any incidents of forced labour or child labour being used. As a result, the Company did not take any measures in the 2023 fiscal year to remediate incidents of Modern Slavery.

The Company acknowledges the importance of vigilance and ongoing monitoring to ensure that Modern Slavery Risks remain mitigated within its business operations and supply chains, and are committed to regularly reviewing its risk assessments and implementing any necessary remediation measures should the need arise in the future.

In the event that the Company discovers any instance of Modern Slavery in its business and supply chains, it will take one or more of the following remediation measures:

- specific actions to support victims of Modern Slavery and/or their families such as workforce reintegration and psychosocial support;
- financial compensation to victims of Modern Slavery and/or their families;
- specific actions to prevent Modern Slavery and associated harms from reoccurring; and
- formal apologies.

## Training and Awareness

Giftcraft employees at all levels are required to adhere to the Company's Code of Business Conduct and Ethics Policy to ensure that it is understood and properly applied to the Company's daily activities. Every new employee of Giftcraft must review and sign the Employee Handbook which includes the Code of Business Conduct and Ethics Policy. New employees will also be informed of how to report wrongdoing under the Company's Whistleblower Policy. All employees of Giftcraft that work directly with suppliers are instructed to familiarize themselves with the Supplier Code of Conduct, and ensure suppliers understand what is expected of them under this Code.

Commencing in 2024, Giftcraft will implement an annual Human Rights Training Program that is mandatory for all employees and contractors. The Supplier Code of Conduct and training combined will provide a detailed explanation of Giftcraft's position on human rights, provide the Company's position regarding Modern Slavery and provide instruction to employees of appropriate steps to take should they be exposed to a human rights issue.

Giftcraft provides new suppliers with training and education on Giftcraft's business standards on an on-going basis as new training and education materials emerge. The Company engages with its suppliers at least annually to inform them of updates to the Supplier Guide and or related supplier policies. In 2024, Giftcraft will enhance supplier training with a specific focus towards the Company's policies and due diligence practices to address Modern Slavery. The Company will promote awareness of Giftcraft's obligations under the new legislation, identify key risk factors for human rights violations, and report on human rights issues and other formal reporting requirements specific to the Act.

## **Progress and Effectiveness**

As part of Giftcraft's governance processes, the Company monitors compliance with its policies on an ongoing basis. It will review any concerns raised through the Company's new Whistleblower Policy and other informal employee feedback mechanisms. To date, no significant concerns or complaints have been identified.

Giftcraft has identified several key performance indicators (KPIs) specific to Modern Slavery that it intends to track and report upon in fiscal 2024, including:

**Supplier Compliance Rate:** Involves measuring the percentage of suppliers who have acknowledged and committed to anti-Modern Slavery policies and regulations.

**Supplier Audits Conducted:** Involves tracking the number of audits performed annually to assess supplier compliance with anti-Modern Slavery standards and regulations.

**Employee Awareness & Training:** Involves tracking frequency and level of employee training related to Modern Slavery.

**Non-Compliance Incidents:** Involves monitoring the number and severity of instances where suppliers are found to be non-compliant with anti-Modern Slavery policies, including incidents reported by whistleblowers or discovered during audits.

These newly developed KPIs will be reviewed by Giftcraft's Internal Management team on an annual basis and any non-conformances identified will be managed by the Procurement team. Support will also be provided to suppliers where necessary to resolve issues/concerns raised.

## Approval & Signature

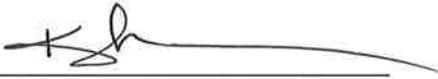
Giftcraft is committed to transparency and accountability in its efforts to combat Modern Slavery. The Company will provide annual reports outlining its actions and progress in addressing Modern Slavery within its supply chains, as required by the Act.

Giftcraft is dedicated to playing its part in eradicating forced labour, including child labour, and human trafficking. Through the Company's commitment to ethical sourcing practices, rigorous risk assessment, and proactive due diligence, Giftcraft aims to ensure that its operations and supply chains are free from exploitation and abuse.

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 reporting entities. 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.

This Report was approved by Giftcraft's Board of Directors on May 30th, 2024 and is also available on our website at [www.giftcraft.com](http://www.giftcraft.com).

I have the authority to bind Giftcraft Ltd.

A handwritten signature in black ink, appearing to read 'K Halliday', is written over a horizontal line.

Krista Halliday  
President and CEO  
May 30, 2024