



# Hamilton Beach

Report Under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*

## **Report Under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act***

Hamilton Beach Brands Canada, Inc.

May 23, 2024

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### **INTRODUCTION**

1. Hamilton Beach Brands Canada, Inc. ("**HBB Canada**") is a wholly owned subsidiary of Hamilton Beach Brands, Inc. ("**HBBI**"). HBB Canada imports and distributes in Canada a wide range of branded small electric household and specialty housewares appliances as well as commercial products for restaurants, fast food chains, bars, and hotels. Certain activities relevant to the subject matter of this Report are performed by HBBI and its indirectly wholly-owned subsidiary Hamilton Beach Electrical Appliances (Shenzhen) Co. Ltd. Shenzhen, China ("**HBB Shenzhen**"). In this Report, HBB Canada, HBBI and HBB Shenzhen are referred to collectively as "**HBB**".
2. HBB opposes the use of forced labour and child labour. To reduce the risk of forced labour and child labour in HBB supply chains, HBBI and HBB Shenzhen actively work with suppliers to improve their business and social compliance. HBB also maintains internal accountability standards to employees with direct responsibility for supply chain management.
3. This Report concerns the financial year ending December 31, 2023. It is the first report prepared by HBB Canada pursuant to Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "**Act**"). The terms "we", "our" and "us" as used in this document refer to HBB Canada.

### **STRUCTURE, ACTIVITIES AND SUPPLY CHAINS**

4. HBB Canada imports and distributes in Canada a wide range of branded small electric household and specialty housewares appliances as well as commercial products for restaurants, fast food chains, bars, and hotels. HBB Canada is a wholly owned subsidiary of HBBI. HBB Canada was incorporated in Ontario on August 25, 1983 and subject to the *Business Corporations Act*. HBB Canada also has extra-provincial registrations in British Columbia, Manitoba, and Québec.
5. HBB Canada conducts sales and marketing activities from its headquarters in Markham, Ontario. HBB Canada operates a distribution centre in Belleville, Ontario.
6. The goods purchased, imported and distributed by HBB Canada are sourced by HBBI and HBB Shenzhen. HBBI operates its principal office and distribution facilities in the US. HBB Shenzhen maintains offices in Shenzhen and Shanghai.
7. HBB's products are produced to HBBI's specifications by third-party suppliers located in China and Indonesia. HBBI personnel located in the US are ultimately responsible for selecting these suppliers.
8. HBB does not have any suppliers located in the Xinjiang Uyghur Autonomous Region ("**XUAR**") or adjoining provinces. HBB does not do business with any of the companies identified on US Customs and Border Protection's list of Withhold Release Orders or the Uyghur Forced Labour Prevention Act Entity List.

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9. Globally, HBB currently employs approximately 637 employees in Canada, China and the United States, of which approximately 43 are full-time employees located in Canada. Approximately 47% of HBB Canada's workforce is covered by a collective bargaining agreement.

### **POLICIES AND DUE DILIGENCE PROCESSES**

#### **Our Operations**

10. HBB embeds responsible business conduct into its policies and management systems, including those that relate to the procurement and sourcing of goods purchased by HBB Canada. HBB's Code of Corporate Conduct states that it is committed to sourcing materials from parties that share its values regarding respect for human rights, integrity and environmental responsibility.
11. HBB's Supplier Code of Conduct, Social Accountability Policy, Code of Corporate Conduct and Corporate Conduct Guidelines include expectations regarding responsible business conduct. The Social Accountability Policy is accessible to external stakeholders at <https://hamiltonbeach.com/social-accountability-policy>. The Code of Corporate Conduct and Corporate Conduct Guidelines are accessible to employees on HBB's intranet. The Supplier Code of Conduct is provided to and signed off by every supplier. The HBB Code of Corporate Conduct contains language intended to foster safe and respectful workplaces, including practices against harassment and workplace violence and weapons. Any violation of the Code will form the basis for appropriate disciplinary action, up to and including dismissal.
12. All HBB employees are required to report without delay through normal reporting channels (for example, a supervisor or any other manager) any conduct engaged in by themselves or by other HBB employees which they believe to be a violation of the Code of Corporate Conduct and Corporate Conduct Guidelines or which they believe is unethical, dishonest, or illegal. The identity of any HBB employee making a report is kept in strict confidence except as required by law. Reports can also be made anonymously. Reports can be made by calling HBB's Corporate Compliance Helpline, by logging onto the Company's EthicsPoint Reporting Website or by writing to the Company's General Counsel.
13. HBB provides remediation where appropriate. In addition to the policies and procedures set forth in the Code of Corporate Conduct and Corporate Conduct Guidelines, HBB maintains an open-door policy that encourages all employees to report perceived issues. With respect to HBB Canada's unionized employees, the collective bargaining agreement provides for arbitration of disputes; the collective bargaining agreement provides a formal grievance process intended to address concerns raised by employees, with decisions communicated to employees through their union representatives within two business days.
14. In addition to the principles and procedures discussed, supra, at paragraphs 10 through 13, HBB Canada complies with the employment laws of Ontario in our facilities and all other applicable laws and regulations.

#### **Our Suppliers' Obligations**

15. As noted above, HBB personnel located in the US are ultimately responsible for selecting suppliers. Each supplier must pass a formal, multi-step evaluation that includes a purchasing

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- audit, a social compliance audit covering the issues relevant to this report, a quality audit, and a financial assessment. HBBI's objective is to maintain long-term relationships with suppliers so that HBBI and HBB Shenzhen can work with them to improve, among other things, their processes.
16. HBBI's purchase agreements with its suppliers require them to comply with, among other things, the relevant laws, rules and regulations governing the sale and/or manufacture of goods within the country in which the products are sold to consumers, including Canada.
  17. HBBI also participates in the United States' Customs and Border Protection Customs Trade Partnership Against Terrorism Program ("**C-TPAT**"). HBBI requires suppliers to fully comply with the requirements of the C-TPAT. HBBI's Supply Chain Security Program Policy requires HBBI to examine and evaluate the supplier's infrastructure, safety, security, and respect for social rights. HBBI has the right to audit suppliers' security practices to ensure continued compliance; companies are generally audited once every year.
  18. For more than 20 years, HBBI has required its suppliers to represent and warrant that convict labour, forced labour, indentured labour, child labour, and underage labour, are not practiced or tolerated at any stage of the production or manufacture of any products. HBBI requires suppliers to adhere to HBBI's written Supplier Code of Conduct, which is incorporated into HBBI's purchase agreement with each supplier. The owner or a senior officer (CEO, Managing Director, General Manager, or President) of every supplier must certify in writing that they have read the requirements of HBBI's Supplier Code of Conduct, and the supplier and its factories comply with the requirements specified in the Supplier Code of Conduct. The Social Accountability Policy provides, in part, that a supplier may not use any slave, forced, bonded, indentured, trafficked, or prison labour and that all employees are working voluntarily and are free to leave or terminate their employment with reasonable notice. All third-party agencies providing workers must also be compliant with these requirements. No worker identification, passport, or personal documents are to be held by a supplier unless local laws require it.
  19. HBBI participates in the amfori Business Social Compliance Initiative ("**BSCI**"). All HBBI suppliers undergo regular, formal and scheduled BSCI audits by an independent third-party examiner who provides those results to HBBI.
  20. HBBI requires all suppliers to pass the BSCI audit, which incorporates international frameworks for responsible business conduct and human rights due diligence, including diligence for forced labour and/or child labour. A BSCI audit examines the following performance areas: Social Management System and Cascade Effect; Workers Involvement and Protection; The Rights of Freedom of Association and Collective Bargaining; No Discrimination, Violence or Harassment; Fair Remuneration; Decent Working Hours; Occupational Health and Safety; No Child Labor; Special Protection for Young Workers; No Precarious Employment; No Bonded, Forced Labor or Human Trafficking; Protection of the Environment; and Ethical Business Behaviour.
  21. HBBI and HBB Shenzhen actively work with each supplier to improve their BSCI scores. During the BSCI audits, no supplier has been found to have violated HBBI's prohibitions against underage labor, forced labour, harassment, and abuse.

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### **RISK OF FORCED LABOUR OR CHILD LABOUR**

22. We assess the risk of forced labour or child labour in our own operations as nonexistent because of the direct control by trained and knowledgeable supervisors, our firsthand knowledge of our workforce, and workplace policies and procedures that HBB Canada maintains in accordance with applicable local labour and employment laws and human rights standards. While we use employment agencies in limited capacities, these agencies must comply with all applicable laws and regulations. Temporary workers present a driver's license which provides proof of age.
23. HBBI has started the process of identifying risks related to forced and child labour in its supply chains. HBBI has performed a risk-based forced labour search and conducted supply chain mapping using Elevate and mesur.io. HBBI currently uses Sayari software to map its supply chain. HBBI relies on the cooperation of all its suppliers and directs them to certify that materials incorporated into their products comply with the laws of the countries where they are being sold, including but not limited to laws prohibiting slavery and human trafficking.
24. HBBI also conducts weekly audits of all Tier 1 suppliers and certain Tier 2 suppliers against the blocked party lists in the following jurisdictions: United States, Canada, Australia, Belgium, China, The Netherlands, Singapore, Taiwan, Switzerland, the United Kingdom, Germany, Japan, and the European Union. HBBI conducts weekly monitors certain other listings, including the United Nations and the World Bank Listing of Ineligible Firms and Individuals. HBBI uses the TradeFlow platform to screen its suppliers.
25. HBBI acknowledges that forced labour and child labour risks can be present in a variety of contexts. Despite efforts made in 2023 to enhance transparency in its supply chain, HBBI and HBB Shenzhen do not yet have visibility into the operations of further-removed indirect suppliers (Tier 3+ and/or raw material producers) to assess the extent of risk in those operations.

### **REMEDATION MEASURES**

26. In the last financial year, HBB has not identified any incidents of forced labour or child labour in its activities or supply chain and therefore has not undertaken remediation measures.

### **TRAINING**

27. HBBI and HBB Shenzhen provide in-person and onsite training on social accountability standards to employees with direct responsibility for supply chain management, including but not limited to prohibitions against human trafficking and slavery, to achieve the highest standards of legal and ethical conduct internally and externally, as well as to ensure compliance with all laws. The training is ongoing and not limited to annual classes.

### **ASSESSMENT OF EFFECTIVENESS**

28. HBB has measures in place to prevent and reduce the risk that forced labour or child labour are used in its supply chain. HBB knows its direct suppliers (Tier 1) and sub-suppliers (Tier 2) to the extent components are not made in-house by its suppliers. HBB personnel are present in Tier 1 factories to ensure, among other things, the supplier's compliance with HBB's requirements. For larger suppliers, HBB quality engineers and inspectors are present every day

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and HBB has its own office onsite. For smaller suppliers, HBB employees are present during production of HBB products.

29. HBB also engages with HBB suppliers as they undergo the BSCI audit. Based on the BSCI audits conducted to date, no supplier has been found to have violated HBB's prohibitions against underage labor, forced labour, harassment, and abuse.

**APPROVAL AND ATTESTATION**

30. This report has been approved by the Board of Directors of HBB Canada.

31. 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.

Lawrence K. Workman, Jr.

Lawrence K. Workman, Jr. (May 29, 2024 10:13 EDT)

NAME

**Senior Vice President**

TITLE

May 29, 2024

DATE

I have the authority to bind Hamilton Beach Brands Canada, Inc.