



Fighting Against Forced Labour and Child Labour in Supply Chains Act – 2023 Reporting Year



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About this Report

For 45 years, Heritage Office Furnishings (Heritage) has been committed to delivering exceptional products and services while steadfastly upholding our core values. We recognize the critical importance of protecting workers' rights, enhancing supply chain transparency, and addressing the pervasive issues of forced labour, child labour, and modern slavery. Our commitment to ethical business practices is a fundamental aspect of our operations and corporate philosophy.

This report has been prepared for the Heritage Group of companies in accordance with Bill S-211 – Fighting Against Forced Labour and Child Labour in Supply Chains Act. It covers the reporting period from April 1, 2023, to March 31, 2024. This is a joint report of all the subsidiaries that fall within the Heritage Group:

- Heritage Office Furnishings Ltd.
- Heritage Office Furnishings Kelowna Ltd.
- Heritage Hospitality Supply & Design Ltd.
- W.D.I. Services Ltd.

The report comprehensively details our efforts over the past financial year to prevent and mitigate the risks of forced labour and child labour in the products we sell and import into Canada.

Steps Taken by Entity

As we conclude the 2023 financial year, Heritage is taking a proactive stance. We are embarking on an extensive internal assessment to gain a deeper understanding of our due diligence measures and of the risks associated with modern slavery within our operations and supply chains. This rigorous review included a detailed review of our policies, business activities, and mapping of all our tier 1 suppliers.

As we move forward in 2024, Heritage is unwavering in its commitment. We are dedicated to strengthening our policies related to business conduct and supplier due diligence. These enhancements will be designed to more effectively address and mitigate the risks of forced labour, child labour, and modern slavery. The company's focus will be on implementing more stringent guidelines, increasing transparency, and ensuring compliance with international labor standards across its entire supply chain.

This report documents Heritage's proactive steps to address these critical issues. It also outlines our strategic plans and intended actions for the upcoming year. By reinforcing our policies and processes, Heritage aims to create a more ethical, responsible, and sustainable business environment that prioritizes the rights and well-being of all workers involved in our operations and supply chains.

Moreover, Heritage will engage in continuous monitoring and evaluation to ensure the effectiveness of these measures. We will also collaborate with stakeholders, including suppliers, industry peers, and regulatory bodies, to foster a collective effort in combating modern slavery and promoting fair labor practices. This comprehensive approach underscores Heritage's unwavering commitment to ethical business conduct and our dedication to positively impacting global supply chains.

Structure, Activities, and Supply Chains

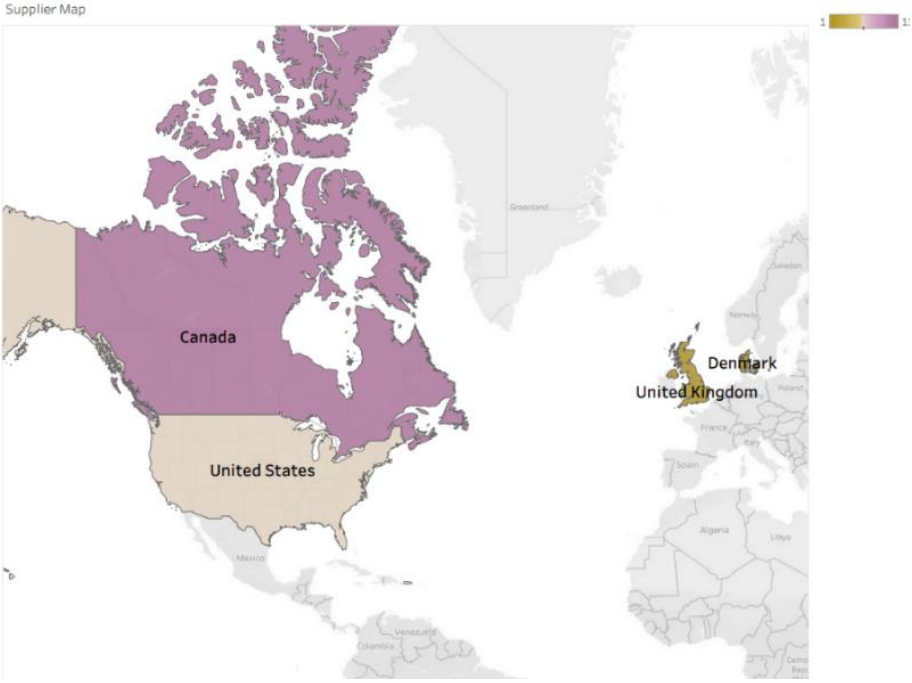
At the Heritage Group, we create and deliver inspiring spaces everywhere work happens. Established in 1979, we identified a service gap in the office furniture market and have been dedicated to bridging that gap ever since. Over the decades, we have perfected our ability to complete any project accurately, on time, and on budget.

Each of our showroom locations in Vancouver, Kelowna, and Kamloops offers a comprehensive range of office furniture and related services. Heritage specializes in high-quality furniture for businesses, featuring products such as desks, chairs, storage solutions, conference tables, reception areas, and customer workspace designs. Alongside our extensive product range, we provide expert design and planning services to help customers create functional and aesthetically pleasing work environments. At the Heritage Group, we currently employ over 250 people, and both our company policies and the employee handbook are acknowledged across all subsidiaries.

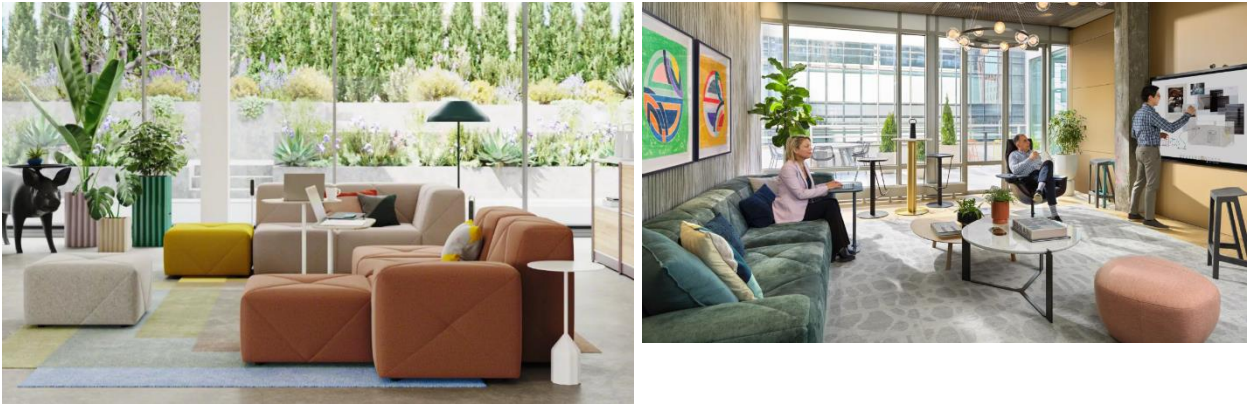


Heritage Office Furnishings and its subsidiaries align its operations seamlessly. All employees recognize themselves as part of the Heritage Group, focusing on the sale, warehousing, delivery, and installation of furniture, architectural products, corporate moves or reconfigurations, and technology products. This fully integrated approach ensures our clients receive seamless, one-stop solutions for all their needs.

As a testament to our commitment to quality, we represent over 100 tier 1 suppliers. This extensive network allows us to provide our clients with a wide range of innovative, high-quality products, ensuring that we meet their diverse needs and preferences.



Approximately 99% of our Tier 1 suppliers are in North America (Canada and the US), and 1% are in Europe (Denmark and the UK). Through partnerships with a broad range of suppliers, we can offer the latest office furniture and design solutions, guaranteeing that our clients always have access to the best options available in the marketplace. This dedication to variety and excellence is at the core of our service philosophy, reinforcing our ability to deliver outstanding results every time.



Policies and Due Diligence

In early 2024, Heritage Group of Companies undertook an extensive and detailed review of its corporate policies, encompassing the corporate code of conduct and environmental, social, and governance (ESG) policies. This thorough evaluation was done to ensure that our practices aligned with our core values and regulatory requirements. During this comprehensive assessment, we identified a critical gap: the absence of a formal Supply Chain Code of Conduct.

Recognizing the importance of this oversight, we have proactively developed a new policy to articulate our expectations and standards clearly. This newly established Supply Chain Code of Conduct addresses and enforces our commitments to preventing forced labour and child labour, ensuring robust health and safety protocols, and enhancing supply chain transparency. By implementing this policy, we aim to uphold the highest ethical standards across all aspects of our supply chain, reinforcing our dedication to responsible business practices and the well-being of all individuals involved in our operations.

Heritage's corporate code of conduct requires all employees, contractors, and business partners to uphold the highest standards of integrity, fairness, and respect in all daily interactions. Our Code ensures this commitment by mandating compliance with all laws, regulations, and company policies. It serves as a guide, reinforcing our commitment to ethical behaviour and fostering a culture of trust and respect throughout our organization.

Risk Assessment

Upon first review, we identified that most of our Tier 1 suppliers are based in countries with high regulatory labour laws, which reduces the risk of forced labour, child labour, and modern slavery in our supply chain. While Heritage does not have a formal review process, we recognize the importance of a thorough risk assessment to ensure ethical practices. To address this, we are committed to developing a comprehensive questionnaire and auditing process for monitoring our Tier 1 suppliers.

We also acknowledge the potential risk associated with Tier 2 and 3 suppliers. Once we have established risk management practices with our Tier 1 suppliers, we will extend these efforts to Tier 2 and 3 suppliers within the supply chain.

We believe this initiative will enhance the ability to identify potential risks and implement actions, ensuring that our supply chain remains free from unethical labour practices. By proactively addressing these concerns, we aim to uphold the highest standards of integrity and social responsibility throughout our operations.

Remediation – Forced Labour and Child Labour

Although an in-depth assessment is yet to be conducted, Heritage has not identified nor is it aware of any instances of forced and/or child labour within our organization or supply chain. Our initial review of Tier 1 suppliers and already established business practices, do not reveal suppliers located within high-risk areas and like our own organization, are in areas with strong labour standards and safe working conditions.

Remediation – Vulnerable Family Income Loss

As stated above, we have no knowledge of forced labour and/or child labour within our organization or supply chain. We are committed to providing safe working conditions and fair living wages to our team members and those within our supply chain. Maintaining and seeking supplier partnerships with aligned values to our organization is critical for the eradication of forced and/or child labour.

Training and Communication

Our executive team and department managers have been provided with information about the requirements and the importance of Bill S-211. However, we aim to provide our employees with training about the issues related to child labour and forced labour. We have begun exploring external training providers with the expertise to address these topics. Once a provider has been selected, Heritage will offer training to all relevant employees on identifying, assessing, and responding to the risks associated with child labour and/or forced labour within our organization operations and supply chains. Training needs will vary depending on employee responsibilities such as procurement and vendor relations. Awareness of signs of child and forced labor will be incorporated into employee training on this topic as well as incorporated into the company handbook.

Ensuring the Effectiveness of Processes

Heritage has always been committed to supporting practices and efforts that lead to the eradication of child labour and/or forced labour from our supply chain. However, we are developing a more robust and formal due diligence process. Our steps toward this are outlined within this report, of which we are committed to regular review and evolution.

Our effectiveness will be assessed against our adherence to and alignment with the Bill-S-211 requirements. With zero-tolerance for forced and/or child labour, Heritage will implement code-of-conduct expectations with all suppliers to ensure alignment of these values with suppliers within our supply chain. This will be incorporated into new and current supplier agreements. Review of agreements will be conducted annually to identify exposures to risk of forced and/or child labour. Management will monitor agreements and actions. In addition to tier 1 supplier agreements, Heritage will expand risk assessments to tier 2 suppliers to proactively identify risks of forced and/or child labour. Furthermore, we will also engage with external consultants and experts who can assist us with reporting and support the development of our supply chain risk management program.

Approval and Public Disclosure

The Board of the Heritage Group has approved this report. 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.



Steve Cox
CEO
June 25, 2024

I have the authority to bind the Heritage Group