



## **Metropolitan Hardwood Floors Report on Forced Labour in Supply Chains**

### **Introduction**

*Bill S-211 Fighting Against Forced Labour and Child Labour in Supply Chains Act (the Act)*, implements Canada's international commitment against forced labour and child labour by requiring entities to publicly report steps taken during their previous financial year to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods, in Canada or elsewhere, or of goods imported into Canada.

This is a joint report created on behalf of three affiliated entities; Metropolitan Hardwood Floors, Inc., Metropolitan Hardwood Floors (Eastern) Inc., and Metropolitan Hardwood Floors (US) Inc. This report highlights key actions taken for compliance and monitoring the supply chain operations to assess and mitigate risk of forced labour and child labour in the 2023 financial year, September 1, 2022 to August 31, 2023.

### **Structure, Activities and Supply Chains**

Metropolitan is a wholesale distributor of high-quality flooring and associated accessories with operations in Canada and the United States. Metropolitan utilizes a global supply chain, sourcing products from North America, Europe and Asia while actively promoting, participating, and supporting responsible, compliant and ethical manufacturing best practices throughout all business operations.

Metropolitan Hardwood Floors, Inc. was founded in 1992 in Vancouver, British Columbia and remains headquartered there today. Metropolitan Hardwood Floors (Eastern) Inc., a subsidiary company serving the Toronto and eastern Canadian markets, was opened in 2007 and another Canadian showroom location was opened in 2022 in Calgary, Alberta.

The company entered into the United States market in 1996, creating Metropolitan Hardwood Floors (US) Inc. Expanding steadily from the initial Seattle, Washington base, the company has opened warehouses, distribution centers and showrooms in multiple US states. In 2014, the company took over the operations of an accessory manufacturer in Seattle to produce wood mouldings.



## **Polices and Due Diligence Processes**

From its conception, Metropolitan deliberately and consciously integrated a culture of compliance into all business operations. In 2008, long before regulatory compliance and environmental issues were on the radar for much of the industry, the company appointed a full time Environmental Compliance Officer to oversee their international trade. The Metropolitan compliance team continued to grow, hiring a Compliance Administrator in 2018 and an ESG and Compliance Strategist in 2024.

All employees comprehend the importance of compliance polices and processes. Risk is assessed of suppliers and their supply chains prior to starting a business relationship and then on an ongoing basis. Metropolitan will take immediate actions including terminating business with any supplier engaged in unethical activity, including forced labour or child labour, even if it has an adverse impact on company operations.

## **Assessing and Mitigating Risk**

Metropolitan sources materials from multiple countries, including some regions of Asia where there is known risk of forced/child labour. Metropolitan provides aggressive oversight on their first-tier suppliers and performs supply chain mapping to trace material inputs and assess additional tiered risk. The company subscribes to multiple information services that assist in identifying risks throughout the expanded supply chain, including but not limited to, corporate ownerships, international corruption ratings, and adverse media (particularly ENGO reports).

However, Metropolitan believes that paperwork review is not as effective as creating personal awareness of compliance requirements. The compliance team regularly visits primary first tier suppliers to put “boots on the ground.” The compliance team will also visit, as possible, companies further upstream the supply chain and has frequently conducted expanded compliance training where multiple tiers are in attendance.

Metropolitan also partners with a third-party organization to monitor their Asian supply chain, with trained individuals continuously onsite at manufacturing facilities. Suppliers are 1) required to provide attestations they will not use any forced/child labour, 2) required to permit both scheduled and unscheduled audits, and 3) trained to monitor their own supply chain.



The compliance team reports directly to ownership and is fully empowered to halt any existing business or veto new business if violations are found or unreasonable risks are identified. At no point has Metropolitan identified any forced labour or child labour in their operations or supply chains.

### **Training at Home and Abroad**

Metropolitan has provided compliance training for employees, suppliers, and even other members of the flooring and wood industries for years. Most of the company's purchasing team, in addition to many of the suppliers, have been working with Metropolitan for a decade or more and all are well aware and take pride in the Metropolitan philosophy of doing the right thing.

Overseas training was most recently performed in 2023 by the compliance team with Asian suppliers and the third-party organization that helps oversee Metropolitan's supply chain. All new North American employees, regardless of their job assignment, are given basic compliance training as part of their on-boarding program.

To ensure they are always operating with the most current knowledge and can apply best practices, Metropolitan's compliance team is continuously seeking out and attending training opportunities provided by government entities, law firms, trade organizations, and industry subject matter experts as available.

Overall, Metropolitan's policy has been to share expertise widely rather than treating it as a competitive advantage, under the philosophy of "if we want the world to be a better place, it can't be just us doing better. Everyone needs to do better."

### **Assessment of Effectiveness**

Metropolitan utilizes third-parties to perform onsite audits in Asia to assess the effectiveness of the overall compliance program. The compliance team is required to report annually to the ownership regarding the status of the supply chain and possible risks as well as mitigation efforts. All primary flooring suppliers are required to undergo an annual review to be re-qualified as an active vendor for the upcoming year. At no point has Metropolitan identified any forced labour or child labour in their operations or supply chains.



### Approval and Attestation

This report was approved pursuant to subparagraph 11(4)(b)(ii) of the Act and constitutes Metropolitan's report for the financial year ending August 31, 2023.

In accordance with the requirements of the Act, and in particular section 11 thereof, I hereby attest that I have reviewed the information contained in the report for the entities listed above. To the best of my knowledge, and after having exercised due diligence, I attest that the information in this report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Dave Sandover  
President, Metropolitan Hardwood Floors, Inc.