



Forced Labour and Child Labour in Supply Chains Report

Fiscal Year 2023

1. ABOUT THIS REPORT

This joint report was prepared in accordance with Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "Act") by Multy Home Holdings Inc., covering its last financial year ending December 31, 2023.

The information provided in this report apply to Multy Home Holdings Inc. and its subsidiary Multy Home LP (collectively, "Multy Home", the "Company", "we", "our" or "us").

This report outlines our commitment, and key actions taken within the last financial year, to prevent and reduce the risk of forced labour and child labour in its business operations and supply chains.

2. OUR COMMITMENT

We believe that conducting business in a socially responsible and legally compliant manner contributes to foster trust among our clients and within our industry. To that end, we are fully dedicated to upholding human rights and high ethical standards, including the protection of children from the exploitation of child labour.

We also believe that success is achieved by a diverse workforce of individuals with different ideas, strengths, interests and cultural backgrounds. Our commitment lies in cultivating a healthy, inclusive work environment that actively prevents and addresses discrimination and harassment, ensuring equal treatment in employment, and promoting efficiency and professional success for all employees.

3. PREVENTING AND REDUCING RISKS OF FORCED LABOUR AND CHILD LABOUR

During our last financial year, we took several steps to prevent and reduce potential risk of forced labour and child labour that may occur in our activities and supply chains, including the following actions:

- Gathering information on worker recruitment, closely monitoring the hiring process and conducting pre-employment checks such as references.

- Monitoring and on-site auditing of our direct suppliers' compliance through a trusted third-party firm, including social compliance audits during suppliers onboarding process and annual reviews.
- Developing and implementing human rights, and child protection policies and processes.

Details of the above actions are set out in this report.

4. ABOUT US & OUR SUPPLY CHAIN

Multy Home is a global manufacturer of outdoor living and garden products that is engaged in business-to-business sales and distribution of consumer goods, including flooring and lawn and garden products, across Canada, the United States, and Europe, via an affiliate.

Multy Home Holdings Inc. has its registered office in Quebec, Canada, while its operations, through its subsidiary Multy Home LP, are based in Ontario, Canada. As part of Multy Home's larger North American operations, we count approximately 200 employees, one factory, and two distribution centers to serve our clients in Canada and the US.

The primary raw materials used in manufacturing our products include polyester, recycled polyester, polypropylene, recycled polypropylene, TPR, PVC, rubber, vulcanized rubber, natural coir, synthetic jute, and latex. These materials are integral to the quality and composition of our outdoor living and garden products. We source the majority (approximately 55%) of our goods from vendors in China, India, Egypt, Poland, as well as other Asian countries, and the balance being from our domestic suppliers located in Canada and the United States.

5. POLICIES AND DUE DILIGENCE PROCESSES

We incorporate responsible business practices into our policies and due diligence procedures with the goal of upholding high standards of human rights, ethical conduct, and social responsibility in our operations and business relationships. Furthermore, we actively work to prevent and mitigate any potential risks associated with forced and child labour within our activities and supply chains.

5.1 Policies

In line with our commitment to upholding ethical standards and promoting a healthy and inclusive workplace, we have implemented the following policies relevant to human rights, forced labour, and child labour:

- Our Human Rights Policy emphasizes the importance of equal treatment and ethical employment practices. Our commitment is to comply with all applicable employment and human rights legislation, fostering a working environment that promotes openness, tolerance, and freedom from discrimination. We hold the ultimate

responsibility for maintaining a healthy and inclusive workplace, which includes preventing and addressing discrimination and harassment.

- Our Child Labour Policy applies to all employees, members of the management team, and individuals conducting business on behalf of the Company. The policy reflects our commitment to upholding ethical standards, including protecting children from the exploitations of child labour and ensuring compliance with all local and international laws related to child labour. It explicitly states our refusal to engage in contracts or business relationships with organizations or employers that do not adhere to the same standards or violate relevant child labour laws.
- Our Code of Conduct emphasizes the importance of creating a conducive environment for professional success, characterized by mutual respect, collegiality, fairness, and trust. This code strictly prohibits behaviour that undermines our business missions. It demonstrates our zero-tolerance stance towards forced or child labour within our premises. Upholding a standard of excellence and promoting ethical conduct across all our operations is our dedicated pursuit, and we expect all employees and business partners to share the same commitments.

Our corporate policies, including those related to human rights, forced labour, and child labour, are signed by all our employees during the hiring process.

Recognizing the importance of establishing a set of rules applicable to our suppliers, including human rights and child protection provisions, we plan to develop a supplier code of conduct in the near future. We are also considering integrating this code by reference to our purchase orders and supplier agreements.

Furthermore, we continue to implement comprehensive measures to ensure voluntary recruitment at our Company. This includes maintaining effective internal controls, closely monitoring the hiring process, and ensuring compliance with legal requirements. These measures entail conducting pre-employment checks such as references and providing adequate documentation to our human resources department for new hire setup and pre-onboarding.

5.2 Due Diligence Processes

As part of our initiatives to identify risks and assess adverse impacts in our operations, supply chains and business relationships, we have established due diligence processes to address forced labour and child labour, in alignment with human rights principles.

Instead of relying on risk assessments to determine which industries or countries should be audited, we have opted to partner with a third-party firm to conduct periodic on-site inspections of all our foreign vendors. These on-site audits are specifically designed to verify compliance with our policies on forced labour and child labour, performed in accordance with the Business Social Compliance Initiative (BSCI) audit framework, and are conducted during the suppliers' onboarding process and annually thereafter, in order

to complete a thorough evaluation of vendors' adherence to human rights, environmental, and social responsibility standards.

Given that Multy Home has not identified any instances of forced labour or child labour in its activities and supply chains, no measures were taken to remediate such instances or to remediate the loss of income to the most vulnerable families that may result from any measures taken.

6. RISK ASSESSMENT

We assess and control our supply chain risks through third-party on-site audits and monitoring of all our foreign suppliers. This diligent process allows us to identify and address any potential issues related to labour conditions, environmental impact, and ethical business practices. By maintaining strict oversight, we ensure that our supply chain aligns with our commitment to conducting business responsibly and in compliance with legal and ethical standards.

However, we acknowledge that we have limited visibility into the value chains of our direct suppliers, and their supply chains may extend beyond their own operations into countries such as Turkey, as well as other European and Asian countries where higher risks related to forced labour and child labour may exist. Given that we have not conducted a formal risk assessment, no specific risks have been identified, but we acknowledge that most supply chains extending abroad may face challenges with respect to manufacturing activities taking place in foreign countries as well as the raw materials or commodities used in such operations.

We mitigate our risks through third-party on-site audits and continuing engagement with our suppliers, and by cultivating long-term and trusted business relationships, which can significantly enhance overall performance and risk management throughout our supply chains. Our established business relationships with suppliers contribute to a lower turnover rate, thereby reducing potential risks and areas of concern.

7. TRAINING AND CAPABILITY BUILDING

During the previous financial year, we prioritized health and safety training for our employees, but we did not provide formal training specifically focused on addressing forced labour and child labour. However, as part of our commitment to combat child labour, we intend to conduct, in 2024 and beyond, a comprehensive review to identify areas where training on human rights and responsible sourcing can be implemented.

We intend to incorporate this training into our employees' orientation and onboarding process, making it a mandatory session. By doing so, we aim to strengthen our efforts in ensuring ethical practices and responsible business conduct throughout our operation and supply chains.

8. ASSESSING THE EFFECTIVENESS OF OUR APPROACH

Recognizing the inherent complexity in assessing the effectiveness of our actions to reduce the risk of forced labour and child labour within our supply chain, we acknowledge the significance of evaluating our progress in mitigating human rights risks. We maintain robust policies and procedures to prevent the use of forced and child labour within our operations and supply chains.

To ensure the effectiveness of our actions, we are committed to establishing an annual review of our policies and procedures specifically related to forced labour and child labour to identify any areas of improvement.

9. APPROVAL AND ATTESTATION

This report was approved by the Board of Directors of Multy Home Holdings Inc. on May 30, 2024 pursuant to subparagraph 11 (4)(b)(ii) of the Act and constitutes our report for the financial year ending December 31, 2023.

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 entities listed in the first section of this report. 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 indicated above.

I have the authority to bind Multy Home Holdings Inc.

DocuSigned by:



Full name: Derek Erdman

Title: President

Date: May 30, 2024