



Safdie & Co. Inc. is a Home Textile and kitchen/tableware wholesaler established in Quebec since 1953 where our corporate and main distribution warehouse is located; our factory base is mainly located in Asia (China 64%, South East Asia 29%, rest of the world 11%) and our client base is mainly major retailers that do require us with compliance on their own Social Responsibility schemes and Regulatory frame including those pertaining to Slave and Child Labor, therefore becoming part of their trusted and reliable supply chain, with their continuous monitoring of our supplying activities as well.

Safdie strives in being an Ethic and Socially Responsible organization by requiring our suppliers to sign our own Ethical Principles of Business Conduct (from now on the Principles) that enlist all acceptable and forbidden practices as Slave and Child Labor, that if found will terminate our business relationship with them, The Principles are included in this Report at the end of it. In our Business Conduct Principles, we also warn our partners that we reserve the right to monitor and assess compliance to our Principles. The monitoring comes in requiring periodic auditing (mostly annual) of the factory base in Social Responsibility schemes as BSCI, SA8000, SMETA-SEDEX, WRAP by worldwide reputable, independent 3rd. party auditors; and in some cases in problematic regions the auditing extends to Fire Safety practices by the factories. The Social Responsibility Audits verify, among other legal and Human Rights issues, that of Slave and Child Labor within the audited organizations.

After auditing, the Social Responsibility Audit Reports are reviewed by us and Corrective Actions are required for those Non-Compliance findings rated major-minor; slave-child labor being a critical finding are not acceptable to continue with the business relationship. We work with our factories on their continuous improvement after an audit and in some cases a verification reaudit is required. For effectiveness on the Auditing, we require for it to be unannounced or semi-announced with a large window of execution, this surprise factor thus increases the effectiveness.

Additional to our Conduct Principles, Safdie is also involved in Sustainability Practices by using Responsible Forest packaging material, Recycling, Reduction of Plastics on packaging, use of recycled textiles fibres and/or certified-traceable cotton as managed by the Better Cotton Initiative organization.

As previously stated, We request our factory base to sign the Principles, but also request their complete acknowledgement and adherence to them and to post in local language at their premises so the personnel is aware of our Principles. In matters of Slave and Child Labor and from an excerpt from our Principles reads:

Sustain responsible trading practices with all supplying factories to promote decent, legal, honest and humane working conditions; Child labor, forced or slave labor, disciplinary practices or coercion, harassment or abuse and unreasonable or unlawful overtime, are not tolerated.

Due diligence and vigilance comes, additional to the auditing, in the form of mapping/traceability by requesting verifiable documentation from our factories on their sourcing chain, consulting publicly available databases on entities that have been found to be in violation to worldwide regulations on Slave and Child labor such as the OFAC sanction list by the US Department of Treasury, European Union Sanction List, the International Cotton Association Safe Trade List and are in the process of accessing platforms dedicated to supply chain mapping and risk identification tool; and by requesting forensic testing regarding the DNA of the cotton to a reputable well known laboratory in New Zealand specializing in this origin verification namely Oritain, they will verify that the cotton used in the manufacturing did not originate from target areas known for slave labor.

Mapping in the case of cotton home textile products involve the identification of the sources from Grower to Ginner To Spinner to Weaver to Manufacturer, is in these Chain where risks can be located and need to be managed, Cotton is the main fibre used in our products and where the risk is major, nevertheless we apply due diligence on products manufactured with other fibres like polyester. In the case of Kitchenware the main concern is the well-being and safe conditions of the workers manufacturing this type of products, at this point is convenient to mention that Safdie also requests in many cases with Good Manufacturing Practices audits that verify the conditions on which the products are manufactured and where in due case and indirectly the auditor can identify noncompliance.

Previous to the reporting period, the Safdie & Co. Inc. Ethical Principles of Business Conduct were unveiled to the personnel in 2021 and posted in the company premises to make this publicly available. Since then Purchasing personnel require from any new manufacturing premise to acknowledge, sign and post the Principles and require evidence of this posting. Purchasing personnel are therefore trained on the issues involving the Principles. Additional to this the Quality and Traffic departments have been taking seminars/webinars on the Fighting Against Forced Labour and Child Labour in Supply Chains Act (the Supply Chain Act) and the US UFLPA. Training of new personnel on Social Responsibility and Sustainability is programmed to take place.

I have the authority to bind Safdie & Co. Inc. – La Compagnie Safdie Inc.

Jeffrey Kirstein

President & CEO



Jeffrey Kirstein
President & CEO
Safdie & Co Inc.

Safdie & Co. Inc. Ethical Principles of Business Conduct

Safdie & Co. Inc. employees are guided by the following principles of ethical business conduct:

- ✓ Comply with applicable laws, regulations, company policies and procedures;
- ✓ Respect the lives, rights, and privacy of others;
- ✓ Avoid conflicts of interest in decisions and acts that will influence;
- ✓ Conduct duties and business relationships in an honest, fair and responsible manner;
- ✓ Sustain a culture in which ethical conduct is valued and recognized;
- ✓ Maintain a safe, healthy and secure work environment;
- ✓ Use resources, material and energy as efficiently and responsible as possible in the provision of products;
- ✓ Sustain responsible trading practices with all supplying factories to promote decent, legal, honest and humane working conditions;
- ✓ Foster a business environment that encourages open communication and seeks out, listens and responds to the ideas and concerns of stakeholders;
- ✓ Manage compliance of the Safdie & Co. Inc. Ethical Principles of Business Conduct as any other critical business activity.

Acknowledged by: _____

Signature: _____

- ✓ **Comply with applicable laws, regulations, company policies and procedures;** Compliance with the laws and regulations, whether domestic or of the country of destination of our products, is paramount on how we and our suppliers must conduct business.

- ✓ **Respect the lives, rights, and privacy of others;** Employees must not be subject to discrimination in hiring practices or any other term or condition of work (other than the legitimate legal occupational requirements allowed by law) on the basis of race, ancestry, place of origin, colour, ethnic origin, citizenship, religion, gender, sexual orientation, marital status, political opinion or membership in any legal organization. Employment decisions must be made on the basis of knowledge, skill, efficiency and ability to meet the job requirements.

- ✓ **Avoid conflicts of interest in decisions and acts that will influence;** A conflict of interest arises when the best interests of the Company diverge from personal interests or the interests of persons in close personal or business contact. These situations must be avoided as they can influence judgment and lack impartiality in the decisions taken by the personnel. Acts granted to influence decisions or actions in violation of duty constitute improper advantages and are unacceptable; they may take the form of bribes, gifts, entertainment, hospitality or kickbacks.

- ✓ **Conduct duties and business relationships in an honest, fair and responsible manner;** this principle rules the behavior of our personnel in the course of business to act in a professional, transparent and accountable manner.

- ✓ **Sustain a culture in which ethical conduct is valued and recognized;** Ethical behavior and honesty are part of our founding principles, an asset that our employees, long standing and recent, value and cherish.

- ✓ **Maintain a safe, healthy and secure work environment;** uphold a reasonable standard of safe and healthy working environment conducive to the well being of our personnel, consistent with all applicable laws and regulations.

- ✓ **Use resources, material and energy as efficiently and responsible as possible in the provision of products;** Focusing on sustainability, we encourage our employees and our business partners to minimize our impact on the environment through environmental responsibility (including compliance with laws and regulations) and best manufacturing practices.

Acknowledged by: _____

Signature: _____

- ✓ **Sustain responsible trading practices with all supplying factories to promote decent, legal, honest and humane working conditions;** Child labor, forced or slave labor, disciplinary practices or coercion, harassment or abuse and unreasonable or unlawful overtime, are not tolerated.

- ✓ **Foster a business environment that encourages open communication and seeks out, listens and responds to the ideas and concerns of stakeholders;** We are engaged in creating and maintaining a cooperative environment inside and outside our organization for the benefit of all of the parts involved in our operation.

- ✓ **Manage compliance of the Safdie & Co. Inc. Ethical Principles of Business Conduct as any other critical business activity;** Our Management is committed to the adhesion and observance of these principles by our personnel and manufacturing partners.

Safdie & Co. Inc. expects its Factories to commit to the principles outlined in this Statement and will not conduct business with those whom do not meet these standards, reserving the right to monitor and asses compliance with this statement through its directors, compliance personnel and dedicated third parties.

I have the authority to bind the company named below on the Safdie & Co. Inc. Ethical Principles of Business Conduct

- Company name:

- Address:

- Representative's Name:

- Position Title:

- Signature:

- Company stamp:

Dated at _____ on the _____