

2024 REPORT ON
BILL S-211, AN ACT
TO ENACT THE
FIGHTING
AGAINST FORCED
LABOUR AND
CHILD LABOUR IN
SUPPLY CHAINS
ACT AND TO
AMEND THE
CUSTOMS TARIFF



Markfield Trust (2022) 2023 FINANCIAL REPORTING YEAR

Introduction

The Fighting Against Forced Labour and Child Labour in Supply Chains Act (the “Act”) requires that businesses state the actions they have taken during the fiscal year to prevent and reduce the risk of forced labour or child labour within their operations and supply chain.

This is a report for The Markfield Trust (2022), which owes the shares of Morbern Inc., (collectively, “Morbern” or the “Companies”). This report refers to the 2023 fiscal year, being December 31, 2023, and describes the steps taken by the Companies in 2023. The Markfield Trust (2022), as a holding company, substantially relies upon the efforts of Morbern Inc., as the operating business, for the purposes of managing and monitoring its supply chain operations and compliance programs.

This Report constitutes the first report prepared by the Corporation pursuant to Canada’s new Fighting Against Forced Labour and Child Labour in Supply Chains Act.

Morbern considers the respect of human rights to be a fundamental corporate responsibility and a value governing all our activities. We place the highest importance on respecting human rights while conducting our business activities everywhere we operate. We expect the same of our business partners and suppliers, as well as their contractors, agents, subcontractors, sub-agents and labour agencies to uphold these same principles within their operations and adhere to applicable human rights and employment standards laws.

Structure, Activities and Supply Chains

Structure

Markfield is a trust under the laws of Quebec, situated at 6 rue Lakeview, Baie D’Urfe, Quebec, H9X 3B1, Canada.

Activities

Established in 1964, Morbern has more than 50 years of expertise in coated fabrics. Headquartered in Cornwall, Ontario, with U.S. offices in High Point, North Carolina, it operates or partners with nine manufacturing and distribution centers across the continent. Since 1964, Morbern has been creating breakthroughs in the performance fabric industry including the first faux leather with a luxury hand and one of the first custom printed vinyl collections.

The vertically integrated, 14001 certified company creates innovative vinyls that meet the challenges of the design and engineering communities, balancing performance, durability, and style.

Morbern has been named one of Canada's Best Managed Companies in 2020 and again in 2021.

At Morbern, we create products that not only benefit our customers, but also have a positive impact on the world around us. We are committed to sustainability in all aspects of our business and have achieved ISO 14001 certification for our environmental management system. Evohide™ is the first coated fabric that uses 100% post-consumer recycled PET bottles for new production. We have a commitment to the future: Protect and preserve our children's tomorrows while meeting our clients' needs today.

From sourcing materials sustainably and reducing waste, to using renewable energy and manufacturing with bio-based and post-consumer raw materials, we constantly look for ways to make our business more sustainable.

By making sustainability a core part of our operations, we build a better future for our customers, our employees, and the planet. We believe that it is possible to create products that are both sustainable and profitable, and we are committed to proving that sustainability is good for business.

Supply chains overview and parts that carry a risk of forced labour or child labour.

Morbern procures the materials and components required to manufacture decorative vinyl coated fabrics from suppliers around the world, the majority from Canada, the US and western Europe countries. We do source some components in China, India, and in Poland.

Most of these materials and components are provided by suppliers with which Morbern has long-term contracts. Morbern seeks long-term relationships with major suppliers for the delivery of materials and components to build and deliver fabric to our customers. Within its supply chain, Morbern strives to have relationships with large, reputable, and ethical suppliers.

Nonetheless, we acknowledge that certain of our suppliers operate in regions that have inherent risks of child labour and forced labour practices and that the supply chain of our suppliers may extend into regions potentially facing greater risk of forced labour and child labour. In these cases, we send a delegate to check out the professionalism of the organization prior to any commitment to business, including looking at the well being of the employees, including safety and the presence of child labour.

In 2010, the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act was passed concerning "conflict minerals" originating from the Democratic Republic of the Congo (DRC) or adjoining countries.

The SEC published final rules associated with the disclosure of the source of conflict minerals by U.S. publicly traded companies (see the rules at <http://www.sec.gov/rules/final/2012/34-67716.pdf>).

The rules reference the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas,

In 2017, Regulation (EU) 2017/821 of the European Parliament and of the European Council of 17 May 2017 was passed concerning supply chain due diligence obligations for Union importers of tin, tantalum and tungsten, their ores, and gold originating from conflict-affected and high-risk areas (see regulation at <https://eur-lex.europa.eu/legalcontent/EN/TXT/PDF/?uri=OJ:L:2017:130:FULL&from=EN>)

While neither of these are legally binding to a private Canadian company, Morbern recognizes that *Human rights abuses are common in resource-rich conflict-affected and high-risk areas and may include **child labour**, sexual violence, the disappearance of people, forced resettlement and the destruction of ritually or culturally significant sites.*

Morbern uses the tools as provided by the Responsible Mineral Initiative to certify that no raw materials used in production contravene these legislations.

Policies and its due diligence processes in relation to forced labour and child labour

We consider the respect of human rights to be a fundamental corporate responsibility and a value governing all our activities. We place the highest importance on respecting human rights while conducting our business activities everywhere we operate.

We have various practices presented below that allow to ensure that risks of child labour and forced labour are reduced in our supply chain.

Supplier quality manual

Our supplier quality manual provides a comprehensive tool to our supply chain team to ensure that suppliers are evaluated and selected based of their ability to provide products and services that meet Morbern's requirements. Our supplier quality manual contains a section compliance with statutory and regulatory requirements of country of origin, that includes the topic of child labour and forced labour. We will consider enhancing the quality manual, including the update of our new supplier evaluation form, to enhance the guidance to enhance our risks management practices regarding child labour and forced labour.

Supplier Code of Conduct (in development)

We are in the process of creating a supplier code of ethics that clearly sets expectations regarding the following topics:

Ethics and Professionalism

- Conflict of Interest
- Environmental Protection
- Human Rights and Labor Standards
- Human Trafficking, Forced Labor, and Child Labor

The supplier code of conduct will clearly communicate that Morbern prohibits the use of child labour and forced labour in our supply chain. However, no supplier code of conduct was in place during the attestation period.

On-site visits

Morbern's has established long-lasting relationships with the majority of its suppliers. We are well acquainted with our various vendors and have periodically visited certain suppliers located abroad that operate in regions that have a higher inherent risk of child labour and forced labour. During our past visits, we have not identified any occurrences of child labour or forced labour.

Internal HR policies and practices

Morbern is highly committed to maintaining a safe workplace that fosters personal and professional growth for all employees. We strive to ensure that every staff member are treated fairly and with dignity. Below are outlined various workforce management measures in place. In particular, Morbern does not hire production workers that are under 18 years of age, nor uses forced labour. Morbern does employ students, in a manner 100% compliant with Quebec and Ontario laws as "summer students".

Our organization is committed to attracting, selecting, and retaining top talent to support our company's mission and to achieve our strategic objectives. Our recruitment policy is to ensure a fair and efficient hiring process that aligns with our values. We also require applicants to consent to background checks to validate candidate veracity. Morbern has also adopted a series of leading human resources practices that support our values to value and respect the rights of our workforce, such as:

- Occupational Health and Safety Policy
- Anti Bribery & Code of Ethics Policy
- Hiring Policy
- Termination Policy

Remediation and Assessing Effectiveness

Throughout our various interactions, we have not encountered issues suggesting the existence of child or forced labour. As a result, there have not been any occurrences requiring taking measures to remediate forced labour or child labour.

As such, we have not been required to undertake measures to remediate the loss of income to these vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in supply chain related activities.

Due to insufficient and/or our lack of formal practices and timeliness, we acknowledge that we have an opportunity to improve our efforts from the reference period in ensuring that forced labour and child labour are not being used in our supply chains as per the S-211 guidelines. We are however committed to formalize our practices and will implement initiatives in the near future.

Training on Child Labour and Forced Labour


During the reporting period, formal employee training was not provided with regards to forced labour and child labour issues. We recognize that potential risk of forced labour and child labour resides may reside in a part of our supply chain and we are committed to ensuring that we engage with suppliers that have high ethical standards and that do not engage in such practices. As a result, we will provide such training to employees on this key topic in the near future.

Conclusion

The efforts deployed to produce the S-211 disclosure allowed us to take a deeper look at the risks pertaining to child labour and forced labour in our supply chains. In alignment with our values and mission that put people and sustainability at the forefront, Morbern is committed to continue to strengthen its risk managements practices and related mitigation practices with regards to child labour and forced labour risks and will implement and/or formalize various actions as discussed in this report.

Approval and Attestation

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. 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.

DocuSigned by:

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Mark Bloomfield

Trustee

May 28, 2024

I have the authority to bind The Markfield Trust (2022)