



Saint Germain
BAKERY

SAINT GERMAIN BAKERY

Modern Slavery Report

For the fiscal year ended February 29, 2024

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1. Introduction

This Modern Slavery Report is a joint report for 669743 B.C. Ltd. and Saint Germain Bakery (Toronto) Ltd. and/or its subsidiaries and associated companies (collectively, "**Saint Germain Bakery**") which have obligations to publish a report under Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, which came into force on January 1, 2024 (the "**Act**") for the fiscal year ended February 29, 2024 ("**Fiscal 2024**") on its own operations as well as on the operations of its direct controlled subsidiary companies that manufacture, produce or import goods produced outside Canada.

This report summarizes the steps taken by Saint Germain Bakery ("**SGB**", "**we**", "**our**", or "**us**"). to prevent and reduce the risk of modern slavery at any step of the production of goods that are produced, sold, or distributed by us.

In this report, we use the term "modern slavery" to refer to forced labour and child labour.

2. Steps to Prevent and Reduce the Risk of Forced Labour and Child Labour

During the fiscal year ended February 29, 2024, SGB took the following steps to help prevent and reduce the risk of forced labour or child labour in our operations and supply chain:

- Mapped activities and our supply chain;
- Conducted an internal assessment to identify areas of our operations that have a risk of forced labour and child labour;
- Worked to contact suppliers to assess the risks of forced labour and child labour in their supply chains;
- Worked on developing and deploying a formal statement on modern slavery as well as Supplier Code of Conduct in our supply chain;
- Worked on developing and implementing anti-forced labour and child labour contracting clauses in our purchase and supply contracts
- Worked on Act compliance checklist as well as and training materials for employees

- responsible for hiring and procurement; and
- Raised awareness among employees about the Act and their related responsibilities.

3. Structure, Activities and Supply Chains

3.1. Structure and Activities

Saint Germain Bakery is a Canadian-owned company, founded in 1986 as a small corner bakery on Cambie Street in Vancouver, BC. Almost 40 years later, SGB has transformed into a national commercial bakery with 2 processing facilities and 14 SGB retail stores in BC and Ontario. Our range of products includes cakes, mooncakes, cookies, pastries, breads, and buns. The corporate structure includes eleven subsidiaries with five companies incorporated under the laws of the province of British Columbia, four under the laws of the province of Ontario, one under the laws of the province of Alberta and one under the laws of Canada.

We distribute our products via two primary channels:

- Wholesale & Food Service: We supply our baked goods and desserts to airline and; renowned hotel chains and grocery retailers
- Branded Retail Bakeries: As of February 29, 2024, we operate through fourteen SGB retail bakery shops in Ontario and British Columbia, where customers can directly purchase our products.

Furthermore, we are at the forefront of cake design, offering services like image and message scanning on cakes, allowing our customers to personalize their cakes, transforming memories into edible art.

We are committed to using only natural and fresh ingredients to ensure quality and health. 95% of our ingredients are sourced locally in BC including seasonal fruits from local farms, high-quality chocolates, and flour from renowned processors. Our central kitchens employ state-of-the-art automated kitchen equipment approved by internationally recognized HACCP standards.

SGB currently operates 2 central kitchens on its own properties, with a 33,000 sf. ft. warehouse kitchen in Richmond, BC and a 20,000 sq. ft. warehouse kitchen in Toronto, Ontario.

State-of-the-art automated kitchen equipment are used in our production lines. The central kitchen set up is clean, safe and is internationally HACCP approved. Automated system is used at all stages of food production and preparation including packaging and distribution, eliminating the risk of any pollution and hazards.

SGB employs over 330 employees in its own retail and production operations across Canada.

Our professional skills, accountable management, choice ingredients with cutting edge equipment have won recognitions and many awards for Saint Germain Bakery from the baking industry. In particular, in the International Culinary Olympics held every four years in Germany, Saint Germain Bakery joined Culinary Team Canada and was awarded gold and silver medals in the 2004 and 2008 competitions.

3.2. Supply Chain

SGB's supply chain consists of suppliers of goods including raw material, semi-finished products and packaging supplies located in Canada, Hong Kong and China.

Our guiding principle in production is quality and health. In choosing ingredients, our belief is in natural freshness. We take wholesome herbs: vanilla from the complete bean pod, orange juice or lemon grinds from the whole fruit. There is no place for artificial essence. Jams and jellies are prepared from fresh fruits. We import from speciality sources: fresh cream from Calgary, fruit wines from Quebec, seasonal fruits from local farms, high quality chocolates and flour from renowned processors. We have our insistence when it comes to the ultimate rule of taste and health.

State-of-the-art automated kitchen equipment are used in our production line. The two central kitchens well maintained with well-defined SOP and streamlined procedures. Automated system are in use at all stages of food production and preparation including production, packaging and distribution at SGB's central kitchens.

All raw material and goods used in our production lines are sourced, in compliance with our internal import/supply policies and in conjunction with our supplier partners, from a combination

of local sources and a international base of proven suppliers. We partner with suppliers that share our commitment to quality as well as, promote employee welfare and social sustainability.

4. Policies and Due Diligence Processes

4.1. Code of Conduct

SGB is committed to operating in accordance with the highest human rights and ethical standards in compliance with all applicable labour standards, codes and laws, both federal and provincial as well as government regulations and rules. (the “Code”)

SGB strive to maintain a safe and healthy work environment that fosters personal and professional growth for all its employees in accordance with the Code. While maintaining such environment is the responsibility of every staff member, managers and supervisors have additional responsibilities to lead in a manner that fosters an environment of respect for each employee.

Our responsibility is to:

- Foster cooperation and communication among each other;
- Treat each other fairly, with dignity and respect;
- Promote harmony and teamwork in the workplace;
- Strive for mutual understanding of standards for performance expectations, and communicate routinely to reinforce that understanding;
- Encourage and consider opinions of other employees, and invite participation in decisions that affect work and careers;
- Support the growth and development of employees by helping them to achieve personal goals at SGB and beyond;
- Seek to avoid workplace conflict, and if it occurs, respond fairly and quickly to resolve it;
- Administer all policies equitably and fairly, recognizing that jobs are different but each is important; that individual performance should be recognized and measured against predetermined standards; and that each employee has the right to fair treatment;
- Recognize that employees in their personal lives may experience crisis and show compassion and understanding;

4.2. Recruitment Policy and Work Environment

SGB adheres strictly to the Employment Standards Act in the respective provinces it operates and strives to improve the wellbeing of its employees. SGB is an equal opportunity employer and offers employment without regard to race, ancestry, place of origin, color, ethnic origin, language, citizenship, creed, religion, gender, sexual orientation, age, marital status, physical and/or mental disability or financial ability. While remaining alert and sensitive to the issue of fair and equitable treatment for all, SGB seeks to integrate fully this principle of Employment Equity with its other human-resources policies and procedures to ensure that all present and potential employees receive equitable treatment in all matters related to employment.

Consistent with Human Rights legislation, Employment Equity recognizes the value and dignity of each individual and ensures that each individual will have genuine, open and unhindered access to employment opportunities, free from any barriers and ensuring that the hiring and promotion process are fair and equitable for all persons.

SGB does not tolerate bullying, harassment or other inappropriate comments or conduct towards a person that causes humiliation, intimidation, or embarrassment in any of its workspace. SGB aims to provide a safe and healthy work environment for the continuous growth and development of all our employees, and helping to continue to foster and sustain a culture of honesty and accountability.

4.3. Supply Chain

In Fiscal 2024, SGB worked to reduce the risks of modern slavery in our supply chain. We developed intandem a checklist to guide our staff who are in charge of procurement and hiring, as well as all other relevant employees, on the key considerations related to be made with respect to modern slavery during hiring or procurement.

We have made inquiries with our suppliers about their due diligence practices and any policies or codes relating to modern slavery. We are also working to extend our diligence to second tier suppliers by confirming that all merchandise we purchase are provided by suppliers who adhere to our Supplier Code of Conduct or policies that prohibit the use of forced labour and child labour.

We have started to compile the following to help reduce modern slavery in our supply chain:

a) Supplier Code of Conduct

SGB is currently developing a Supplier Code of Conduct (“Supplier Code”). The Supplier Code will set out rules for our suppliers that require them to take certain steps to reduce the modern slavery risks in their supply chains. We plan to deploy the Supplier Code in Fiscal 2024/2025. We are also working on a Supplier Questionnaire on modern slavery.

We will share our policy and expectations with our vendors and suppliers and conducted a detailed and thorough risk assessment of our primary suppliers and partners to understand their compliance level. For suppliers identified with higher risks, we will use our best efforts to source their statement and policy on forced labour and child labour.

This risk assessment model has now been incorporated into our existing supplier and vendor approval program, as to ensure this important topic is covered off during any new supplier assessment.

b) Contractual Clauses

SGB is working on inclusion of contractual clauses that seek to reduce the risk of modern slavery in our supply contracts, both current and future. Going forward, we intend that all contracts negotiated with suppliers of goods shall include such clauses.

c) Reporting Mechanisms

We are working to include a reporting mechanism on our website via mail, email or phone for the public to report suspected use of modern slavery in our supply chain as well as suspected wrongdoing, fraudulent acts, questionable behavior and/or violations of our Code of Conduct.

5. Risk Assessment

SGB operations are located entirely within Canada focus on production, retail and wholesale of bakery products. We are not engaged in the type of work normally associated with forced labour or child labour.

We recognize that the potential exists for forced labour or child labour to be presenting in our supply chain, either with direct suppliers or indirect suppliers further down the supply chain. To assist in our risk assessment, we plan to review researches published by local human right organizations and the United Nations, and other international governing bodies that examine which goods are at risk of being produced by forced labour and child labour. We also made direct inquiries with applicable suppliers about how they assess risks of modern slavery in their supply chains.

While we must continue to be vigilant, our current assessment is that we have minimal exposure to modern slavery risks in our supply chain. A more detailed summary of risks on products procured is set out below.

5.1. Raw Material, ingredients, semi -finished products and packaging materials (the “Goods”)

SGB through its wholesale and retail subsidiaries purchases the Goods and other merchandise from suppliers in Hong Kong and China for resale in Canada. To minimize the risk of purchasing goods produced by forced labour and child labour, we will start making inquiries with questionnaires and checklists, with our suppliers about their due diligence practices and any policies or codes relating to modern slavery.

For existing supplier contracts as well as future supplier contract renegotiations, we will insert contractual clauses that require suppliers to take steps to avoid modern slavery risks and notify us promptly if any instances of modern slavery are discovered.

To further reduce such risks, we made inquiries with our suppliers about their due diligence

practices and any policies or codes relating to modern slavery. We also plan to extend our diligence to second-level suppliers by requiring first-level suppliers to confirm that all goods we purchased have supplier codes of conduct or policies that prohibit the use of forced labour and child labour.

6. Remedial Measures

SGB is not aware of any instances of forced labour or child labour in our supply chain, and therefore we did not take any measures to remediate any adverse impacts or the loss of income to families that could have resulted from measures taken to address modern slavery.

If we learn of any potential or confirmed instances of modern slavery, we will investigate and take appropriate remedial measures.

7. Training

SGB employees receive regular and updated training on regulatory requirements, ethical practices, worksafe practices, food safety and our Code of Conduct.

In Fiscal 2025, SGB plans to hold meetings and training for staff who are directly responsible for procurement matters. We are working to prepare more detailed training materials on modern slavery for our employees, in particular those who handle hiring and procurement.

8. Assessing Effectiveness and Future Improvements

An assessment of the new measures in Sections 4.3(a), 4.3(b) and 4.3(c) of this report will be conducted at the end of the next fiscal year to determine their effectiveness. This assessment will help to identify future improvements are needed to enhance our commitment to preventing and reducing the risk of modern slavery in our supply chain.

9. Approval and Attestation

This report was approved pursuant to subparagraph 11(4)(a) of the Act by the Board of Directors of SGB for the fiscal year ended February 29, 2024.

In accordance with the requirements of the Act, and in particular section 11 thereof, I, the undersigned, attest that I have reviewed the information contained in this report for the entity listed above. Based on my knowledge, and having exercised reasonable 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.

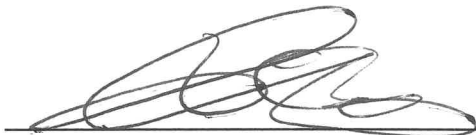


Mickey Jian Bin Zhao

Director and CEO, 669743 B.C. Ltd.

May 27, 2024

I have authority to bind 669743 B.C. Ltd.



Mickey Jian Bin Zhao

Director and CEO, Saint Germain Bakery (Toronto) Ltd.

May 27, 2024

I have authority to bind Saint Germain Bakery (Toronto) Ltd.