



SAINT GERMAIN BAKERY

Modern Slavery Report

For the fiscal year ended February 28, 2025

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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 28, 2025** ("**Fiscal 2025**") on its own operations as well as on the operations of its directly 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 28, 2025, SGB implemented a number of targeted measures to prevent and reduce the risk of forced labour and child labour in its operations and supply chain:

- Conducted supplier risk assessments, expanded to include new suppliers introduced through our two newly acquired production lines;
- Incorporated labour rights clauses into all updated and new supplier contracts;
- Delivered targeted training sessions to procurement and HR staff to strengthen awareness of modern slavery risks and compliance expectations;

- Strengthened supplier audit protocols, with a focus on international suppliers impacted by recent economic circumstance;
- Enhanced worker grievance mechanisms to improve accessibility and responsiveness;
- Finalized a formal remediation framework to address potential or confirmed labour rights issues in the supply chain;
- Engaged third-party auditors to verify compliance across high-risk supply chain tiers.

These efforts build on foundational work started in previous years and reflect our ongoing commitment to responsible sourcing and compliance with the Fighting Against Forced Labour and Child Labour in Supply Chains Act.

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 two processing facilities and 16 SGB retail stores across British Columbia and Ontario. Our range of products includes cakes, mooncakes, cookies, pastries, breads, and buns. The corporate structure includes eleven subsidiaries: five 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 & Foodservice:** We supply our baked goods and desserts to airlines and renowned hotel chains and grocery retailers.
- **Branded Retail Bakeries:** As of February 28, 2025, we operate 16 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 property with one 33,000 sf. ft. warehouse kitchen in Richmond, BC and one 20,000 sq. ft. warehouse kitchen in Toronto, ON.

State-of-the-art automated kitchen equipment are used in the 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 350 employees in its own retail and production operations.

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 Chains

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

Our guiding principle in production is quality and health. We prioritize natural freshness in all ingredients. For example, we use wholesome herbs such as vanilla from whole bean pods,

orange juice, or lemon grains from whole fruit—avoiding artificial essences. Jams and jellies are prepared from fresh fruits. Specialty imports include fresh cream from Calgary, fruit wines from Quebec, seasonal fruits from local farms, high-quality chocolates, and flour from trusted 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 systems. Automation system is in used at all stages of food production and preparation including production, packaging and distribution at SGB's central kitchens.

All raw materials and goods used in our production lines are source, in compliance with our internal import/supply policies and in conjunction with our supplier partners, from a combination of local sources and an international base of proven suppliers. We partner with suppliers that share our commitment to quality as well as, promote employee welfare, and support social sustainability throughout the supply chain.

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 strives to maintain a safe and healthy work environment that fosters personal and professional growth for all employees, in accordance with the Code. While maintaining such an environment is the responsibility of every staff member, managers and supervisors have additional responsibilities to lead in a manner that fosters 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 the opinions of other employees, and invite participation in decisions that affect work and careers;
- Support the growth and development of employees by helping them 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 where it operates and continuously 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 fully integrate the principles of Employment Equity into its broader 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 every individual has genuine, open, and unhindered access to employment opportunities, free from barriers. SGB is committed to ensuring that all hiring and promotion practices are fair and equitable for all persons.

SGB does not tolerate bullying, harassment, or any other inappropriate behaviour or comments that cause humiliation, intimidation, or embarrassment in the workplace. We aim to provide a safe and healthy work environment that supports the ongoing growth and development of our employees, while fostering a culture of honesty and accountability.

In Fiscal 2025, SGB reinforced these commitments by sharing updated workplace policies and codes of conduct with new and existing employees, emphasizing the importance of inclusive practices and employee rights in alignment with our modern slavery risk mitigation strategy.

4.3. Supply Chain

In Fiscal 2025, SGB continued to strengthen its efforts to reduce the risks of modern slavery in its supply chain. Our modern slavery checklist, introduced in Fiscal 2024, was actively used by procurement and hiring staff, as well as other relevant departments, to guide decision-making and risk awareness during supplier onboarding and contract management.

We engaged directly with suppliers to assess their due diligence practices and determine whether appropriate policies addressing forced and child labour were in place. These inquiries extended to second-tier suppliers to ensure that all merchandise purchased—directly or indirectly—is sourced from partners who adhere to our Supplier Code of Conduct or comparable labour standards.

We have compiled the following measures to help reduce modern slavery in our supply chain:

a) Supplier Code of Conduct

In Fiscal 2025, SGB officially implemented its Supplier Code of Conduct (“Supplier Code”), which sets out expectations for our vendors regarding labour rights, transparency, and supply chain responsibility. All active suppliers were provided with the Code and required to confirm their commitment to preventing forced and child labour.

We also distributed a Supplier Questionnaire on modern slavery to assess supplier risk levels and identify gaps in compliance. Responses were reviewed internally, and for suppliers identified as higher-risk, we followed up to request statements or policies that explicitly address modern slavery.

This updated risk assessment model has now been fully incorporated into SGB’s supplier and vendor approval process to ensure modern slavery considerations are included in all new assessments.

b) Contractual Clauses

SGB has included modern slavery-related clauses in all updated and newly negotiated supplier contracts. These clauses require suppliers to take proactive steps to identify and reduce the risk of forced and child labour in their operations and supply chains and to notify SGB immediately in the event of any breach.

c) Reporting Mechanisms

In Fiscal 2025, we developed an online reporting mechanism that will allow employees, suppliers, or the public to raise concerns about modern slavery, fraudulent activity, or violations of our Supplier Code.

5. Actions Taken in Fiscal 2025 to Prevent and Reduce Risks

In Fiscal 2025, SGB took targeted actions to prevent and reduce the risk of forced labour and child labour within its operations and supply chains. These efforts focused on formalizing ethical expectations with suppliers, improving due diligence tools, and increasing supply chain oversight. The following actions were implemented during the reporting period:

5.1. Supplier Code of Conduct Implementation

SGB formally rolled out its Supplier Code of Conduct to all overseas suppliers. The Code outlines minimum expectations regarding labour rights, working conditions, and the prohibition of forced and child labour. Suppliers were required to acknowledge and accept the Code as a condition of continuing the business relationship.

5.2. Supplier Questionnaire Distribution

We introduced a modern slavery self-assessment questionnaire for all new and existing suppliers. Responses provided insight into supplier policies, labour practices, and risk controls. Higher-risk suppliers were asked to provide further documentation or submit to additional review.

5.3. Contractual Safeguards

All newly negotiated and renewed supplier contracts now include modern slavery clauses. These clauses require suppliers to proactively manage risk, report any incidents of forced or child labour, and accept the possibility of contract termination in the event of non-compliance.

5.4. Local Sourcing Strategy and Supply Chain Resilience

In response to ongoing economic circumstance, SGB has prioritized expanding its local sourcing practices. By increasing our reliance on domestic suppliers, we aim to reduce dependency on cross-border imports and improve the stability and traceability of our supply chain.

This localized sourcing strategy supports our modern slavery risk mitigation efforts by reinforcing relationships with Canadian suppliers, whose operations are subject to strong regulatory oversight. As we continue to diversify and strengthen our procurement base within Canada, we expect to further minimize exposure to forced and child labour risks that are more prevalent in certain international markets.

5.5. Risk Assessment and Audit Expansion

In Fiscal 2025, SGB expanded its supplier risk assessment efforts to include vendors tied to two newly acquired production lines. We also strengthened our auditing processes, with particular focus on international partners in higher-risk jurisdictions, such as Asia. Independent third-party auditors were engaged to assess select suppliers against our labour standards and Code of Conduct. These audits included reviews of recruitment practices, subcontractor relationships, and documentation.

6. Risk Assessment

While SGB operates solely in Canada, some of the goods we source originate in countries or industries where the risk of forced or child labour may be higher. As a result, we take the risk of modern slavery seriously and apply a structured approach to identifying, assessing, and mitigating those risks across our supply chain.

6.1. Risk Mapping and External Research

We regularly consult external resources, including reports by the United Nations and international human rights organizations, to stay informed about goods and regions linked to modern slavery. This research informed updates to our internal risk heatmap, which considers product type, geographic origin, and supplier history.

6.2. Raw Materials and Goods Procurement Risk

SGB continues to source raw materials, packaging, and semi-finished goods from suppliers in Canada, Hong Kong, and China. In Fiscal 2025, we focused on imported goods from Asia, where ongoing geopolitical and trade-related pressures may increase the likelihood of labour risks. To address this, we applied our full suite of due diligence tools—including questionnaires, contract clauses, and audits—to suppliers in these regions.

6.3. Third-Party Audits and Classification

Select higher-risk suppliers underwent third-party audits focused on recruitment practices, documentation, and subcontractor management. Based on all available data, we classify suppliers into risk categories that guide future decisions around procurement and contract renewal.

6.4. Risk Outlook

Based on our assessments, we believe SGB's direct operations carry minimal exposure to modern slavery. However, we recognize the evolving nature of global supply chain risks, and we remain committed to continuous improvement in our monitoring, engagement, and remediation efforts.

7. Remedial Measures

As of the end of Fiscal 2025, SGB is not aware of any instances of forced labour or child labour in its operations or supply chain. Accordingly, no remedial actions were required during the reporting period to address adverse impacts or economic harm to individuals or communities.

That said, SGB finalized a formal **remediation framework** in Fiscal 2025. This framework outlines the steps to be taken in the event of a confirmed or suspected case of modern slavery. It includes:

- Internal escalation protocols
- Guidelines for engagement with affected suppliers
- Potential contract termination pathways
- Communication and transparency expectations

If any instance of modern slavery is identified in future, this framework will guide our response to ensure appropriate and timely remedial action is taken.

8. Training

SGB employees continue to receive regular training on regulatory compliance, ethical practices, food safety, worksafe standards, and our internal Code of Conduct.

In Fiscal 2025, SGB held targeted **awareness sessions** for staff in procurement and HR roles, introducing them to our modern slavery risk assessment tools, supplier questionnaire process, and updated Supplier Code of Conduct. These sessions helped build internal understanding of:

- How to identify warning signs of forced labour
- How to apply our Supplier Code in contract discussions
- When and how to escalate supplier concerns

In addition, we continued developing more formal training materials on modern slavery to be used in onboarding and future refresher sessions. This training will be expanded across more departments in the next fiscal year.

9. Assessing Effectiveness and Future Improvements

An assessment of the measures implemented in Sections 4.3(a), 4.3(b), and 4.3(c) of this report will be conducted at the end of Fiscal 2026 to evaluate their effectiveness in reducing the risk of modern slavery in SGB's supply chains.

This review will consider the outcomes of supplier questionnaires, third-party audit results, and compliance with contractual obligations, and will help identify areas where further improvements or enhanced controls may be necessary.

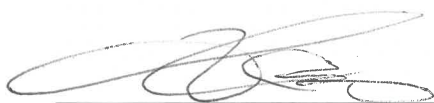
The results of this assessment will guide future updates to our due diligence processes, training programs, and supplier engagement strategy.

10. 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 28, 2025.

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.

I have the authority to bind Saint Germain Bakery



Full Name: Mickey Jian Bin Zhao

Title: Director and CEO

Date: May 13, 2025



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