



Fighting Against Forced Labour and Child Labour in Supply Chains Act Report 2023

I. Introduction

This report is produced by Owen and Company Ltd. also known under the tradename as Kingsdown (hereby referred to as the “**Company**” or “**Kingsdown**”) for the financial year ending March 31, 2024 (the “**Reporting Period**”). It sets out the steps taken to prevent and reduce the risk of forced labour or child labour being used at any step of the production of goods in Canada or elsewhere by the Corporation, or of goods imported into Canada by the Corporation.

This report constitutes the first report prepared by the Company pursuant to Canada’s new *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “**Act**”).

References in this report to “we”, “our” and similar terms are to the Company.

II. Steps To Prevent and Reduce Risks of 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 expect the same of our business partners.

In general terms, we took the following steps during the reporting period to prevent and reduce the risk of forced labour or child labour (also known as modern slavery) in our business and supply chains:

- ❖ Created and updated our supplier code of conduct and our internal policies and procedures, specifically those preventing forced labour and child labour;
- ❖ Conducted a preliminary initial internal assessment of the risks of forced labour and/or child labour in our supply chains to enhance our supplier due diligence process;
- ❖ Continued to gather information on worker recruitment to ensure that all workers are employed voluntarily;
- ❖ Maintained Kingsdown’s whistle blower hotline for anyone to report concerns in a confidential manner;
- ❖ Continued to require suppliers to have procedures in place to prohibit the use of modern slavery;



III. Our Structure, Activities, and Supply Chains

Kingsdown Group is one of the largest independent mattress manufacturers in the world with operations in the United States, Canada, Europe and Asia. In North America, we have nine manufacturing facilities strategically located in Canada and the United States to minimize shipping distances and fuel consumption. We sell products to over 20 countries throughout the world using a trusted network of licensed partners. Our structure is that we have internal purchasing groups located in Canada and in the United States to receive our raw materials as efficiently as possible. Our raw materials are generally sourced from United States, Canada, Europe and East and Southeast Asia.

Our direct suppliers also have their own supply chains and source their products from manufacturers located in certain overseas countries and in some instances, there can be several levels of suppliers between us and raw materials at the initial stage of the process. As such, respecting and complying with human rights obligations is as much the responsibility of our suppliers as it is ours. This is why, we require that our suppliers adhere to our Supplier Code of Conduct.

Our locations



USA

Mebane, NC
 Stockton, CA
 Lakeland, FL
 Waco, TX
 Winchester, VA

CANADA

Toronto, ON
 Calgary, AB
 Shawinigan, QC (2)



IV. Our Policies and Due Diligence Processes

We believe that robust internal policies and processes are the essential foundation of a respectful and inclusive corporate culture that earns trust from and builds value for our clients, employees, communities, and shareholders. Kingsdown conducts a periodic review and timely update of all policies and codes.

Kingsdown embeds responsible business conduct into its policies and management systems. The Company has several relevant policies and processes in place to help mitigate the risk of unlawful activities in our business and supply chains, including modern slavery and human trafficking. We recognize, however, that we can always look for improvements. As such, we intend to review and update our procurement and risk management practices, specifically our policies and codes of conduct, to determine appropriate enhancements we can make to further address the risk of modern slavery and human trafficking in our supply chains.

A. Our Suppliers and Supplier Code of Conduct

Our commitment to human rights and combatting modern slavery is also reflected in how we select our suppliers. New or prospective suppliers providing goods or services must comply with our Supplier Code of Conduct (the “**Supplier Code of Conduct**”). This code is provided to all our suppliers when they are onboarded.

The Supplier Code of Conduct requires suppliers and subcontractors to, among other things, abide by applicable employment standards, labour, non-discrimination, and human rights legislation. Pursuant to the Supplier Code of Conduct, suppliers must be able to demonstrate that they have policies and procedures in place to confirm that:

- ❖ child, forced or compulsory labour is not used;
- ❖ human rights discrimination and harassment are prohibited;
- ❖ retaliation for speaking up is prohibited and employees are free to raise concerns and speak up without fear of reprisal; and
- ❖ clear and uniformly applied employment standards are used that meet or exceed legal and regulatory requirements.

Each supplier upon receiving the PO, agrees to the terms and conditions and requirements under the Company’s Supplier Code of Conduct. Should our Supplier Code of Conduct be amended, we will ensure to provide existing suppliers with a copy of the modified Supplier Code of Conduct.



B. Our Due Diligence Processes

Prior to engaging with new suppliers, we review their organization based on its operational risk framework, which includes sending our attestation form which is in alignment with our Supplier Code of Conduct to have the new suppliers attest that they are in conformance with the Supplier Code of Conduct and do not have any forms of modern slavery within their organization or supply chain model.

During its last financial year, Kingsdown has taken measures to strengthen such risk assessment process for supply chain by sending our supplier attestation form to our major suppliers, thus covering more than 80% of our raw material supplies. We will be reviewing our supplier responses to analyse and understand if there are any risks of modern slavery and come up with remediation actions to mitigate the same. This approach improves the Company's ability to identify and mitigate risks associated with its supply chain.

C. Whistle Blower Hotline

Kingsdown's whistle blower hotline provides a confidential and anonymous communication channel for anyone to report concerns regarding ethical or legal matters without fear of retaliation. The details of the reporting hotline are shared with all employees and is put up on the Company's intranet page.

D. Our Employees and Recruitment

We abide by applicable labour laws and standards addressing issues such as equal pay, hours of work, and child labour and forced labour. Our strong recruitment and selection policies ensure that we work towards mitigating any risks of child or forced labour within any of our locations. We apply strict recruitment procedures which include employment contracts mentioning the wages/salaries, hours of work etc. for all employees, collecting identity documents, HR checklist and background check where required and maintaining internal controls to ensure that all workers are recruited voluntarily.

In addition, where Kingsdown enters into agreements with staffing agencies to assign individuals to perform work on Kingsdown's behalf, Kingsdown requires that the third parties represent that all such individuals are eligible and approved to work in the applicable country.

E. Code of Conduct and Guiding Principles

Our code of conduct applies to all our employees and illustrates Kingsdown's commitment:

- ❖ **To Our People:** We prioritize creating a workplace environment that is safe, inclusive, and respectful. Our various internal policies applying to our workforce support diversity and equal



opportunity, fostering a culture where every employee feels valued and empowered.

- ❖ To Our Business: We conduct our business with the highest standards of integrity, ensuring our operations are conducted lawfully and ethically. Our commitment to quality is unwavering, as we strive to exceed expectations in every product we create and every interaction we have.
- ❖ To Our Community: As a responsible corporate citizen, we are committed to contributing positively to our communities, engaging in philanthropic activities, and supporting initiatives that benefit society.
- ❖ To Our Environment: Sustainability is at the core of our operations. We aim to minimize our environmental footprint, embracing practices that promote the conservation of natural resources and environmental stewardship.

Our Guiding Principles include:

- ❖ Integrity and Honesty: We act with transparency and honor in all our dealings, ensuring that our business transactions are conducted with the highest level of honesty.
- ❖ Respect and Fairness: We create an environment where everyone is treated with dignity, where diversity is embraced, and where discriminatory practices have no place.
- ❖ Accountability and Responsibility: Each employee is expected to take personal responsibility for their actions and decisions, upholding the Company's policies and objectives.
- ❖ Compliance and Due Diligence: We comply with all relevant laws, regulations, and internal policies, conducting our business with due diligence.
- ❖ Reporting and Compliance: Employees are encouraged to report any behavior that compromises our standards of quality, ethics, or integrity. Kingsdown prohibits retaliation against those who report misconduct and is committed to taking appropriate action to correct any issues.

F. Risk Assessment Process and Remediation Measures

While improving operational efficiency, we continue to strengthen our processes to reduce risks related to forced and child labour. We started to deploy a risk assessment procedure which revolves around all suppliers attesting to a supplier attestation form in line with our Supplier Code of Conduct prior to engaging with new suppliers and to conduct reviews based on their responses and their risk framework.



Given that we are at the initial phase of our evaluation and that only select suppliers have been reviewed so far, we acknowledge that there are still gaps in our assessment and as such, no definitive risk areas have been identified at this time.

We however recognize that our suppliers have their own supply chains and that some of the goods we purchase from our suppliers are manufactured in countries where the risk of forced and child labour may be higher. To mitigate supply chain risks, we prioritize building enduring partnerships with our suppliers. Our network consists of reputable and established companies with whom Kingsdown has maintained consistent and close collaboration over an extended period of time.

Given that no instances of modern slavery have been identified, we have not taken any measures to remediate forced labour or child labour nor to remediate the loss of income to the most vulnerable families resulting from such occurrences. However, if a situation of modern slavery is identified, Kingsdown will cooperate and work with our suppliers in developing and implementing an action plan to remedy the situation. If the violation is severe or if the supplier fails to cooperate with Kingsdown, the Company will choose to take appropriate action including ceasing the partnership.

G. Training and Communication

In 2024, Kingsdown intends to provide training to targeted audiences that will include how to mitigate the risks of forced labour and child labour in our operations and supply chain.

All employees will be trained on policies and code of conduct and will be given access to all policies and employee handbook and code of conduct when they are hired and when any of the documents are updated.

H. Assessing Our Effectiveness

We intend to continue to assess and measure our approach and success in operationalizing the commitments and continuously improve our approach to human rights and how we mitigate modern slavery risks. We conduct ongoing screening of suppliers, which allows us to baseline a supplier's risk profile and subsequently flag and assess any activities that would violate our Supplier Code of Conduct. We discuss any instances where corrective actions are required with the supplier and track these issues to completion.

Having leveraged such supplier screenings and monitoring procedures, as well as our policies and processes relating to internal conduct, no evidence of modern slavery – including forced labour or child labour have been identified in this financial year. As we examine ways to further integrate human rights considerations into our procurement and risk management processes, we also intend to identify key performance indicators to help us assess the effectiveness of the actions we are taking.



V. Conclusion

Kingsdown remains committed to preventing any forms of slavery and human trafficking from taking place in our businesses and in our supply chains. We will continue to review our policies, procedures and practices periodically to determine any enhancements we can make to help prevent modern slavery and human trafficking.

VI. Approval and Attestation

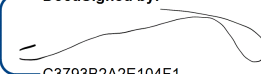
This report was approved by the board members of Owen and Company Ltd. as of 2024 and constitutes Kingsdown's joint report for the financial year ending March 31, 2024, pursuant to subparagraph 11(4)(a) of the Act.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in this report for Kingsdown. 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.

I have the authority to bind Owen and Company Ltd.

DocuSigned by:

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Frank Hood
Chief Executive Officer
5/28/2024

DocuSigned by:

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Marc Paiement
Chairman of the Board
5/24/2024