

# Forced Labour and Child Labour in Supply Chains Report – Fiscal Year 2023

## 1. ABOUT THIS REPORT

This report is published by E-Solutions Furniture Group Inc. (the “Company”) pursuant to Canada’s Fighting Against Forced Labour and Child Labour in Supply Chains Act (the “Act”) and relates to the financial year ending December 31, 2023.

The report outlines the measures taken by the Company during its most recent financial year to prevent and reduce the risk that forced labour and child labour is used in our activities and supply chains.

The information provided in this report applies to the Company and its subsidiary Bestar Inc. References in this report to “eSolutions”, the “Company”, “we,” “us,” or “our” and similar terms are to the Company, Bestar Inc. and its subsidiaries generally, to one or more of them, or to those who work for them.

## 2. PREVENTING AND REDUCING RISKS OF FORCED LABOUR AND CHILD LABOUR

Slavery and human trafficking are far reaching and important issues. eSolutions considers the respect of human rights to be a fundamental corporate responsibility and has zero-tolerance for forced labour and child labour within the organization and its supply chains.

During our last financial year, we continued to manage our business relationships with our direct suppliers in a manner conducive to responsible conduct and performed regular on-site visits and inspections of their facilities to verify compliance with our operational expectations and applicable laws, particularly those concerning forced labour and child labour.

## 3. ABOUT US & OUR SUPPLY CHAIN

### About Us

Founded in 2021, eSolutions is a leading e-commerce solution for residential and commercial furniture in North America that emerged from the alliance of Bestar and Bush Industries. The heritage brands have achieved significant successes, culminating in the formation of eSolutions Furniture, which builds upon the strengths of each company to propel the entire organization further. Our family brands include Bush Furniture, Bestar and Bush Business Furniture (BBF).

Our broader North American operations encompass various subsidiaries in the U.S. that are not within the scope of this report and collectively employ 650 individuals. Our organization benefits from 285 professional employees who support our commercial, manufacturing, and

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administrative functions. Our primary manufacturing activities are based in the close-knit communities of Mégantic (Québec) and Jamestown (NY, U.S.). Additionally, we maintain an office in Sherbrooke (Québec) and operate a distribution center in Erie (PA, U.S.).

We do business in a way that supports the community we operate in and as such, we have been involved in many local community projects. The well-being of our employees and our community is, and always will be, of paramount importance to us.

Our mission is to provide an outstanding experience from online shopping through delivery, assembly and enjoyment, as well as create and produce on-trend and innovative products trusted for delivering safety, quality and value. We aspire to achieve our mission while promoting our core values of integrity, accountability, teamwork and community.

### **Our Supply Chain**

eSolutions promotes responsible procurement through the purchase of materials and products from local suppliers and through various partnerships with these suppliers. All of our panels are made with recycled wood fiber obtained from controlled sources and, to laminate our panels, we favor the use of water-based resins, free of volatile organic additives, and the use of non-toxic, 100% solid thermofusible PVA resin for the application of our edging strip. These initiatives contribute to our commitment to responsible sourcing and the protection of the environment.

Although eSolutions favours local procurement, we also rely on imported products to support our manufacturing activities. Our imports into Canada consist of raw materials to support our manufacturing activities in Quebec and finished products that are sold along with our home-made furniture. Most of our foreign suppliers are located in China, including in the Zhejiang, Jiangxi, Jiangsu and Guangdong provinces.

## **4. POLICIES AND DUE DILIGENCE PROCESSES**

As an actor of the manufacturing industry, eSolutions recognizes that it has a responsibility to take a robust approach to fighting against forced labour and child labour. We recognize having a responsibility through our due diligence process to ensure that workers associated with our business and supply chains are not being exploited, that their working conditions are safe, and that employment, health and safety and human rights laws and standards are being adhered to.

Given that all of our manufacturing employees in Quebec (Canada) are unionized, their working conditions have been negotiated and approved by the workers. Furthermore, our subsidiary Bestar Inc. has adopted an Employee Handbook containing policies aimed at fair and equitable treatment of employees by informing them of their rights and benefits, and highlighting our

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core values, including respect and integrity. The Employee Handbook also includes a workplace health and safety policy to promote the well-being of our employees. Additionally, the Employee Handbook provides a complaint handling process available to anyone being subject to harassment and ensures the confidentiality of the investigation process.

Although eSolutions has not yet implemented formal due diligence controls and systems, we have implemented practices and procedures allowing us to improve oversight of our suppliers' factories located in China. Our Company representative located in this region carries out on-site visits and inspections and closely monitors our suppliers' activities to ensure that they are meeting our operational expectations and complying with applicable laws, including those pertaining to forced labour and child labour. To that end, we demand unconstrained access to the factories of our direct suppliers to set regular visits for global inspections by our local representative. In the event that an instance of forced labour or child labour is detected, it will be promptly reported to our head office.

We recognize that the embedding of responsible business conduct into our policies and practices is critical to our continuing efforts to strengthen our ability to assess our human rights risks in the Company's activities and supply chains. In the near future, we intend to strengthen our internal policies and adjusting processes so that any risk of forced labour and child labour in business and supply chains is identified and properly addressed.

From 2024 onwards, we intend to resume frequent on-site visits by our head office to our direct suppliers' facilities, given that we had to temporarily pause such practice due to COVID-19 constraints.

In some of our business divisions operating in the United States, a supplier code of conduct is in place, mandating that all suppliers and service providers explicitly commit to abstain from employing any form of forced labour or child labour. We intend to expand this practice across all our operations by adopting a supplier code of conduct that will apply to our entire organization. Once implemented, all our suppliers will be required to sign and adhere to this code.

### **5. RISK ASSESSMENT & REMEDIATION MEASURES**

The Company considers that establishing long term and trusted business relationships with business partners and suppliers can enhance overall performance. As such, we will continue to collaborate closely with our business partners and suppliers to assess and address any risk of forced labour and child labour in our shared supply chains. In order to improve efficiency and as part our general supply chain review, we will be evaluating our list of suppliers and selecting them based on specific performance criteria. These criteria will include an evaluation of the measures they implement to combat forced labour and child labour within their operations and supply chains, as well as considering their risk exposure in relation to these issues.

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Although eSolutions has not yet started a formal risk assessment process, we acknowledge that the risk of forced labour and child labour in the industry exists, given that supply chains, including those of suppliers, extends into regions potentially facing greater risk of forced labour and child labour. We also recognize there is an increased risk of forced labour and child labour in any industry where there is migrant labour, high presence of refugees, young workers, contract and agency workers, and women workers.

During our last financial year, no cases of forced labour or child labour were identified or reported and as such, eSolutions did not have to take any measures to remediate any forced labour or child labour or to remediate any loss of income to vulnerable families resulting from any such measures. Any allegations, disclosures or discoveries of forced labour or work involving children in supply chains will be taken very seriously by eSolutions, which will ensure that an investigation is conducted as soon as possible. In such a case, eSolutions will apply any appropriate corrective measure to remediate the identified risk.

### **6. TRAINING AND CAPABILITY BUILDING**

eSolutions did not mandate formal training specifically addressing forced labour and child labour for its employees during its last financial year. However, as part of our ongoing commitment to enhancing awareness and a culture of responsibility, we are in the process of implementing mandatory training sessions for our employees in the procurement department. Therefore, in 2024, we intend to provide training sessions aimed to equip our employees with the necessary knowledge and skills to identify indicators of forced labour and child labour within our operations and supply chains.

### **7. ASSESSING THE EFFECTIVENESS OF OUR APPROACH**

We remain committed to further developing and continuously refining our policies, procedures, and programs as we learn more about the risks in our supply chain.

To assess the effectiveness of our actions to ensure that forced labour and child labour are not being used in our business and supply chains, we commit to:

- Monitoring and annually reviewing compliance with the Act and report the results internally to the eSolutions leadership team.
- Implementing a supplier code of conduct prohibiting the use of forced labour or child labour in our suppliers and service providers' activities.
- Conducting regular on-site visits to the facilities of our direct suppliers.

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### **8. APPROVAL AND ATTESTATION**

This report was approved by the Board of Directors of E-Solutions Furniture Group Inc. on May 23<sup>rd</sup>, 2024 pursuant to paragraph 11(4)(b)(ii) of the Act and constitutes our report for the financial year ending December 31, 2023.

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 for the entities listed above. 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 indicated above.

I have the authority to be e-Solutions Furniture Group Inc.

**Jamie Cartwright**

Director

May 31st. 2024