Malouf Companies

Disclosure Report

Date Submitted: September 14th, 2024

Disclosure Materials

Certified B Corporations must complete a Disclosure Questionnaire to identify potentially sensitive issues related to the company (e.g. historical fines, sanctions, material litigation, or sensitive industry practices).

This component does not affect the company's score on the B Impact Assessment. If the company answers affirmatively to any items in the Disclosure Questionnaire that B Lab deems relevant for public stakeholders, then, as a condition of their certification, the company must:

1) Be transparent about details of the disclosure issues identified on the company's public B Impact Report
2) Describe how the company has addressed this issue
3) Demonstrate that management practices are in place to avoid similar issues from arising in the future, when necessary.

In all cases, the Standards Advisory council reserves the right to refuse certification if the company is ultimately deemed not to uphold the spirit and integrity of the community.

In addition to the voluntary indication of sensitive issues in the Disclosure Questionnaire, companies pursuing Certification also are subject to a background check by B Lab staff. Background checks include a review of public records, news sources, and search engines for company names, brands, executives/founders, and other relevant topics.

Sensitive issues identified through background checks may or may not be within the scope of questions in the Disclosure Questionnaire, but undergo the same review process and are subject to the same possible review by the Standards Advisory Council, including ineligibility for B Corp Certification, required remediation, or disclosure.

B Lab's Public Complaints Process

Any party may submit a complaint about a current B Corp through B Lab's Public Complaint Process. Grounds for complaint include:

1) Intentional misrepresentation of practices, policies, and/or claimed outcomes during the company's certification process
2) Breaches of the B Corp Community's core values as expressed in our Declaration of Interdependence

This document contains a copy of the company's completed Disclosure Questionnaire and related disclosure documentation provided by the company.

Disclosure Questionnaire

Industries and Products

	Yes	No
Please indicate if the company is involved in production of or trade in any of the following. Select Yes for all options that apply.		
Animal Products or Services	☐	☑
Biodiversity Impacts	☐	☑
Chemicals	☐	☑
Disclosure Alcohol	☐	☑
Disclosure Firearms Weapons	☐	☑
Disclosure Mining	☐	☑
Disclosure Pornography	☐	☑
Disclosure Tobacco	☐	☑
Energy and Emissions Intensive Industries	☐	☑
Fossil fuels Gambling	☐	☑
Genetically Modified Organisms	☐	☑
Illegal Products or Subject to Phase Out	☐	☑
Industries at Risk of Human Rights Violations	☐	☑
Monoculture Agriculture	☐	☑
Nuclear Power or Hazardous Materials	☐	☑
Payday, Short Term, or High Interest Lending	☐	☑
Water Intensive Industries	☐	☑
Tax Advisory Services	☐	☑

Outcomes & Penalties

	Yes	No
Please indicate if the company has had any formal complaint to a regulatory agency or been assessed any fine or sanction in the past five years for any of the following practices or policies. Check all that apply.		
Anti-Competitive Behavior	☐	☑
Breaches of Confidential Information	☐	☑
Bribery, Fraud, or Corruption	☐	☑
Company has filed for bankruptcy	☐	☑
Consumer Protection	☐	☑
Financial Reporting, Taxes, Investments, or Loans	☐	☑
Hazardous Discharges Into Air/Land/Water (Past 5 Yrs)	☐	☑
Labor Issues	☐	☑
Large Scale Land Conversion, Acquisition, or Relocation	☐	☑
Litigation or Arbitration	☐	☑
On-Site Fatality	☐	☑
Penalties Assessed For Environmental Issues	☐	☑
Political Contributions or International Affairs	☐	☑
Recalls	☑	☐
Significant Layoffs	☑	☐
Violation of Indigenous Peoples Rights	☐	☑
Other	☐	☑

Practices

	Yes	No
Please indicate if the following statements are true regarding whether or not the company engages in the following practices. Check all that apply. If the statement is true, select "Yes." If false, select "No."		
Animal Testing	☐	☑
Company/Suppliers Employ Under Age 15 (Or Other ILO Minimum Age)	☐	☑
Company prohibits freedom of association/collective bargaining	☐	☑
Company workers are prisoners	☐	☑
Conduct Business in Conflict Zones	☐	☑
Confirmation of Right to Work	☐	☑
Does not transparently report corporate financials to government	☐	☑
Employs Individuals on Zero-Hour Contracts	☐	☑
Facilities located in sensitive ecosystems	☐	☑
ID Cards Withheld or Penalties for Resignation	☐	☑
No formal Registration Under Domestic Regulations	☐	☑
No signed employment contracts for all workers	☐	☑
Overtime For Hourly Workers Is Compulsory	☐	☑
Payslips not provided to show wage calculation and deductions	☐	☑
Sale of Data	☐	☑
Tax Reduction Through Corporate Shells	☐	☑
Workers cannot leave site during non-working hours	☐	☑
Workers not Provided Clean Drinking Water or Toilets	☐	☑
Workers paid below minimum wage	☐	☑
Workers Under Bond	☐	☑
Other	☐	☑

Supply Chain Disclosures

	Yes	No
Please indicate if any of the following statements are true regarding your company's significant suppliers.		
Business in Conflict Zones	☐	☑
Child or Forced Labor	☐	☑
Negative Environmental Impact	☐	☑
Negative Social Impact	☐	☑
Other	☐	☑

Disclosure Questionnaire Statement

Disclosure Questionnaire Category: Significant Layoffs

Issue Date	October 2020 - June 2024
Topic	Significant layoffs due to restructuring
Summary of Issue	In October 2020, Malouf Companies closed a distribution center in Utah, resulting in 12 individuals being laid off. In November 2022, 32 employees at Malouf Companies in three locations were laid off based on the role they served in the organization. Throughout 2023 and 2024, additional distribution centers in Ohio and Texas were closed. In June of 2024, employees at the company's headquarters were laid off because of the company exiting key categories.
Size/Scope of Issue ***(e.g. $ financial implication, # of individuals affected)***	In October 2020, 12 people were laid off, representing 2.4% of total employees at the time. In November of 2022, employees in three locations were laid off—one in Ohio, three in North Carolina, and 28 in Utah. Those individuals accounted for 4.3% of total employees at the time. In January 2023, employees in four locations were laid off—one in Ohio, one in California, one in South Carolina, and 73 in Utah. Those individuals accounted for 10.3% of total employees at the time. In March 2023, six employees in Texas were laid off. Those individuals accounted for 1% of total employees at the time. In September 2023, 23 people in Texas were laid off as Malouf Companies closed a distribution center in the state. Affected individuals accounted for 4% of total employees at the time. In February 2024, 24 people in Ohio were laid off as Malouf Companies closed a distribution center in the state. Affected individuals accounted for 4.7% of total employees at the time. In June 2024, 69 people in Utah were laid off from the company's headquarters. Those individuals accounted for 24.3% of total employees at the time.
Impact on Stakeholders	Primary impact was loss of employment for affected employees.
Implemented Management Practices	In October 2020, affected employees received relocation assistance should they want to work in California, one month severance, and job placement assistance. In November 2022, employees had health insurance paid through the end of the

	year, PTO was paid out, a severance package, a bonus based on tenure, and job placement assistance. In January 2023, affected employees were offered a severance package, a bonus based on tenure, and job placement assistance. All distribution center employees affected by downsizing from 2023 to 2024 were offered severance packages, job placement assistance, relocation assistance, and stay bonuses. In June 2024, affected employees were offered a severance package, a bonus based on tenure, and job placement assistance.
Management Comments	We approached the consumer spending crisis and resulting layoffs with as much of a people-first attitude as possible, given the situation. In the eight-month lead up to the corporate headquarter layoffs, transparency was a huge initiative for leadership to give employees a realistic picture of company performance. A newsletter was introduced with a section reporting on business, a mental health support section, and details with initiative updates. As team members have exited the company voluntarily, we've conducted empty-seat Kaizen analyzes to determine if the work that was being done could be absorbed within the remaining team before backfilling the position to avoid the potential for future restructures. We also instilled hiring freezes for varying durations of time across the five years to temper growth to ensure long-term employment viability for all employees. When possible, we have rehired employees who were previously impacted by layoffs.
Related Incidents (Yes/No)	Malouf Companies had seven total rounds of layoffs across five states: October 2020, November 2022, January 2023, March 2023, September 2023, February 2024, and June 2024.

Disclosure Questionnaire Statement

Disclosure Questionnaire Category: Recalls

Malouf reported conducting two voluntary recalls in the past five years, representing <1% of the company's products for the same period. When a product is recalled, various stakeholders such as customers, suppliers, investors, commercial partners, and local communities may face negative impacts, including health and safety risks, financial losses, loss of trust, damage to credibility, and other inconveniences. Certified B Corps must make their recalls transparent under their B Corp Profile.