



Forced Labour in Canadian Supply Chains Annual Report (2023)

Berne Apparel Compliance Team

Berne Apparel Company

May 2, 2024



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Corporate Social Responsibility

Berne Apparel is known for being a market leader who provides affordable, durable workwear to hard-working Canadians. Berne Apparel is a family-owned, Indiana-based company, operating with a strong set of values since 1915. Treating customers, employees, and business partners with fairness and respect is practiced daily. Honesty and integrity, necessities in creating long-term, mutually beneficial relationships, are a few of the core values that have led to Berne Apparel's success.

Structure, Activities, and Supply Chains

Berne Apparel conducts business in the Canadian wholesale trade and retail trade sectors; thus, having assets in Canada. Tier one and tier two supply chain facilities are listed below:

Tier One Facilities	Tier Two Facilities
Lahore, Pakistan	Lahore, Pakistan
Karachi, Pakistan	Karachi, Pakistan
Dhaka, Bangladesh	Dhaka, Bangladesh
Zhejiang, China	Zhejiang, China
Jiangsu, China	Jiangsu, China
Xinxiang, China	Xinxiang, China
	Hong Kong, China
	New Delhi, India
	Yinlong, Vietnam

Policies and Due Diligence

The use of prison, forced, trafficked, or child labor is strictly prohibited. Berne Apparel requires that vendors do not knowingly utilize or purchase materials and/or products manufactured by uncompensated prison workers, indentured servitude, slave, child, or trafficked



labor. Vendors should not require any worker to remain in employment for any period of time against his or her will.

The use of child labor by Berne Apparel suppliers is strictly prohibited. Vendors shall employ only workers who meet the minimum legal age requirement applicable to that area. If, however, the laws of that country do not provide such a definition, or if the definition includes individuals below the age of sixteen, Berne Apparel defines “child” for purposes of determining use of illegal child labor as anyone who is less than sixteen years of age, or is younger than the compulsory age to be in school in the country in which the business is being conducted, if that age is higher than sixteen. Berne Apparel requires that all facilities within its supply chain operate in accordance with any applicable local or international laws.

Due to child labor and/or forced labor issues in Uzbekistan, Turkmenistan, and China’s Xinjiang region, Berne Apparel bans the use of cotton grown, ginned, spun or otherwise processed in those regions. Berne Apparel conducts random cotton mapping audits that require documents to be submitted to trace the origin of the cotton.

Berne Apparel has a written Code of Conduct which details the expectations of manufacturing partners and how they conduct themselves, as well as how best to treat their employees. This Code of Conduct is circulated and posted throughout Berne’s entire supply chain. Stated in the Code of Conduct, and reiterated in the Xinjiang cotton policy, Berne Apparel will not accept cotton from sources or regions know to use forced, slave, or child labor. Berne Apparel requires a signed acknowledgement of our Code of Conduct from those within our supply chain each year and for them to hold safety and/or social certifications at various levels.



Risk Management

Berne Apparel is proud to use highly reputable and ethical partners to manufacture products. The well-being of all individuals in the supply chain matters to Berne Apparel. All manufacturing sources hold safety and/or social certifications at various levels. Examples of these certifications are WRAP, BSCI, Sedex, and Accord. Berne Apparel also reserves the right to perform unannounced social audits at any level within the supply chain at any time. Each year, supply chain members are encouraged to reach higher levels of compliance. To date, Berne Apparel has not identified any prison, forced, anti-slavery, trafficked, or child labor within its activities and supply chains.

Measures Taken to Remediate Forced Labour

Berne Apparel requires a signed acknowledgement of our Code of Conduct from those within the supply chain each year and for them to hold safety and/or social certifications at various levels. Berne Apparel also reserves the right to perform unannounced social audits at any level within our supply chain at any time. Should Berne Apparel identify any form of prison, forced, anti-slavery, trafficked, or child labor within its activities or supply chains, the offender shall be terminated from doing any form of business with Berne Apparel. Berne Apparel will comply with any applicable local or international laws and agencies. To date, Berne Apparel has not identified any prison, forced, anti-slavery, trafficked, or child labor within its activities and supply chains so no remediation has been needed.

Measures Taken to Remediate Loss of Income

Should Berne Apparel identify any form of prison, forced, anti-slavery, trafficked, or child labor within its activities or supply chains, we will comply with any applicable local or

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international laws and agencies to remediate loss of income to those affected. To date, Berne Apparel has not identified any loss of income to vulnerable families resulting from measures we have taken to eliminate the use of forced labor or child labor in our activities and supply chains.

Employee Training

Berne Apparel has a written Code of Conduct which details the ways in which manufacturing partners are expected to conduct themselves, and how best to treat their employees. This Code of Conduct is circulated and posted throughout our entire supply chain. Berne requires a signed acknowledgement of our Code of Conduct from those within its supply chain each year and for them to hold safety and/or social certifications at various levels. Examples of these certifications are WRAP, BSCI, Sedex, and Accord. Berne Apparel also reserves the right to perform unannounced social audits at any level within our supply chain at any time. Berne Apparel does not have any direct employee training specifically regarding forced or child labor.

Assessment of Effectiveness

To date, Berne Apparel has not identified any form of prison, forced, anti-slavery, trafficked, or child labor within its activities or supply chains nor has it needed to provide any form of remediation.



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May 20, 2024

RE: **Berne Apparel Company**

Reporting Year: **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 entity or 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 listed above.

John Nussbaum
(Name)

CEO / President
(Title)

5/22/2024
(Date)


(Signature)

I have the authority to bind Berne Apparel Company



Berne Apparel Supplier Code of Conduct

Berne Apparel (“Berne”) is committed to caring for and respecting all people employed in the sale, manufacture, distribution, and support of our products. We respect everyone’s rights to life, liberty, and security regardless of gender, race, ethnicity, religion, political opinion, place of birth, or other status. To ensure that our values are upheld throughout both our company and our entire supply chain, we have established this Code of Conduct. The basic values we hold are enumerated within this document. We always encourage our partners to exceed these minimums.

This document applies to all layers of Berne’s supply chain. Berne has developed many Nominated Sources (“NS”) within its supply chain. These NS’s work directly with Berne. In some cases, a NS must purchase its own raw materials from other sources that are unknown to Berne. In those cases, all unknown sources must obey this Code of Conduct, and it is the responsibility of the NS to communicate and enforce this Code of Conduct. The same principle is true for any subcontractors, laundries, decorators, or any other type of labor/service within the supply chain.

Failure to comply with this Code of Conduct may be sufficient cause for Berne Apparel to revoke the supplier’s “approved” status, and in doing so, cancel any/all open and pending orders, forecasts, blanket orders, or other commitments regardless of production status.

Code of Conduct

1. Ethical Standards

Berne respects the legal, ethical, and moral standards and beliefs of all people and cultures with which we do business, and we ask all vendors to do the same. Vendors to Berne are required operate in full compliance with all laws in their respective countries and with all other applicable international laws, rules and regulations. In situations where conflicting laws exist, Berne expects vendors to adopt the highest applicable standard.

2. Rules and Procedures

Berne requires that all vendors respect our rules and procedures, making every effort to comply with standard business practices and workflows as defined by Berne.

3. Subcontractors

Berne suppliers and vendors should take steps to ensure that subcontractors also operate in a manner consistent with this Code of Conduct. Suppliers must disclose any subcontracted processes prior to production and receive written approval from Berne.

4. Prison, Forced, Anti-Slavery, and Trafficked Labor

The use of prison labor, forced labor, slave labor, or trafficked labor by Berne suppliers is strictly prohibited. Vendors will not knowingly utilize or purchase materials and/or products manufactured by uncompensated prison workers, indentured servitude, slave, or trafficked labor. Vendors should not require any worker to remain in employment for any period of time against his or her will.

5. Child Labor

The use of child labor by Berne suppliers is strictly prohibited. Vendors shall employ only workers who meet the minimum legal age requirement applicable to that area. If, however, the



laws of that country do not provide such a definition, or if the definition includes individuals below the age of 16, Berne defines "child" for purposes of determining use of illegal child labor as anyone who is less than 16 years of age, or is younger than the compulsory age to be in school in the country in which the business is being conducted, if that age is higher than 16.

6. Wages and Hours

Vendors will set working hours, wages and overtime pay in compliance with all applicable laws and regulations. Workers shall be paid at least the legal minimum wage. While we understand that overtime is occasionally necessary, contractors and suppliers must allow workers a reasonable amount of time off from their duties to ensure humane and productive working conditions.

7. Working Conditions

Vendors must treat all workers with respect and dignity. Berne suppliers must ensure that their employees are provided with a safe and healthy work environment, including any housing and cafeteria requirements, and are not subject to hazardous or unsanitary conditions. Vendors shall comply with all applicable laws and regulations regarding working conditions. Vendors shall not use corporal punishment or any other form of physical or psychological coercion.

8. Freedom of Association & Collective Bargaining

Berne believes that employees should have the right to decide whether they want collective bargaining or not, and that companies and unions should respect employees' decisions. We believe employees should have the right to say yes and the freedom to say no to union representation.

9. Discrimination & Harassment

Berne suppliers will employ, pay, promote, and terminate workers on the basis of their ability to do the job, rather than on the basis of personal characteristics or beliefs. No person shall be subject to any discrimination in employment, including hiring, compensation, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, social group or ethnic origin.

10. Environmental

Berne suppliers will comply with environmental rules, regulations and standards applicable to their operations, and will adopt responsible measures to mitigate negative impacts that the workplace has on the environment. This includes hazardous waste disposal, waste management practices, air emissions, water treatment and other significant environmental risks.

11. Procurement Ethics

Berne's business relationship with its suppliers is based solely on the supplier's merits in regard to prices, excellent quality, prompt delivery and efficient services. Therefore, no payments, gifts, rewards or gratuities of any kind shall be made directly or indirectly to Berne employees or Berne's buying agent or staff members in consideration of the business being placed with supplier.

12. Bribery and Corruption

Berne suppliers will not, in connection with any aspect of their business with Berne, directly or indirectly give or offer any bribe, kickback or other improper payment or benefit to influence another individual, company, organization, government official or body, or political party or candidate, regardless of whether it is officially tolerated or condoned.

13. Source of Cotton Fiber

In accordance with United States law, Berne Apparel bans the use of cotton that has been grown, ginned, spun or otherwise processed in conflicted areas such as Uzbekistan,

Berne Apparel Supplier Code of Conduct (Rev. 05-11-2021)

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Turkmenistan, and China's Xinjiang region. In some cases, suppliers may not know where cotton is grown and, in those cases, suppliers will be asked to provide information on their sources for fabrics, yarns and threads.

14. Customs Compliance

Vendors importing products from countries outside the United States or Canada must comply with applicable US or Canadian Customs law and, in particular, will establish and maintain programs to comply with customs laws regarding illegal transshipment of products. Vendors will at all times do whatever is necessary to maintain a high level of product shipment security, which includes ensuring the integrity of their security practices and communicating the U.S. Customs security guidelines to their business partners within the supply chain. Routine audits of plant security procedures must be put into place. Any deficiencies found during the audit process should be addressed immediately.

15. Drug Interdiction

Vendors will cooperate with local, national, and foreign customs and drug enforcement agencies to guard against illegal shipments of drugs.

16. Conflict Minerals

Berne suppliers will show compliance to the principles and objectives of the laws and rules relating to conflict minerals, including the United States Securities and Exchange Commission's final ruling on conflict minerals pursuant to Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which requires assessment, reasonable country of origin, and reporting for issuers whose products contain conflict minerals.

17. Visibility

A copy of Berne's Workplace Code of Conduct must be posted in the supplier's place of business. The policy should be translated into the native languages of all workers and be located so that employees can read and understand Berne's policy.

18. Right to Audit

Berne reserves the right to visit the production or other facilities where Berne product is produced or handled at any time. These visits may be conducted by Berne employees or by third-party auditors retained by Berne. Visits may be announced, semi-announced or unannounced. Any denied access to a facility will be considered a Zero Tolerance violation.

19. Moral Behavior

If, during the course of interaction, the supplier is observed to, or encourages a Berne employee to participate in or be in close proximity to immoral acts, including but not limited to, acts of dishonesty, theft, misappropriation of funds or property, moral turpitude, prostitution, the use of illegal drugs, or any other action that is detrimental or unacceptable, such a situation may result in Berne's unilateral termination of business.