



Change of Scandinavia Canada Retail Inc.

Forced Labour and Child Labour in Supply Chains Company
Assessment

Attention: Claus Walther Jensen
Change of Scandinavia Canada Retail Inc.
5580 Rue Pare, Town of Mount Royal, QC H4P 2M1

Re: Assessment of Forced Labour and/or Child Labour in Supply Chains

Dear Mr. Jensen,

Enclosed is the final report for the assessment of Forced Labour and/or Child Labour in Supply Chains of Change of Scandinavia Canada Retail Inc. ("the Company" or "Change"). The intent of this report is to provide an evaluation of the Company's current state, in response to the reporting criteria of Canada's Bill S-211 - *An Act to support the Fighting Against Forced Labour and Child Labour in Supply Chains Act* and to amend the Customs Tariff ("the Bill" or "Bill"). This engagement evaluates all reporting criteria under this Bill. Reporting under this Bill is the Company's responsibility, and due on or before May 31 of each year, beginning in 2024. This report must be approved by the governing body of the Company, in this case, the Board of Directors.

This report also identifies opportunities for the Company to enhance controls and activities related to Forced Labour and Child Labour within the organization and supply chains.

We wish to express our sincere thanks to the staff of Change for their assistance during the completion of this assessment. Should you have any questions regarding the content of our report, please do not hesitate to contact me at 514.515.2553.

Regards,

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Executive Summary – For Change

Forced labour can be found in every country and every sector. The International Labour Organization estimates that there are approximately 27.6 million victims of forced labour worldwide, including 17.3 million in the private economy. Forced labour and child labour risks occur primarily through the global supply chains of businesses. There is a risk that goods imported into and distributed in Canada were produced with forced labour or child labour. Entities and government institutions doing business in Canada have a responsibility to ensure that exploitative practices are addressed and eradicated from their supply chains.

The measures introduced through the Act aim to increase industry awareness and transparency and drive businesses to improve practices. The Act requires entities to report on the steps taken during its previous financial year to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods in Canada or elsewhere by the entity or of goods imported into Canada by the entity. There are seven mandatory reporting areas that must be investigated and reported on which include:

- Its structure, activities and supply chains.
- Its policies and due diligence processes in relation to forced labour and child labour.
- The parts of its business and supply chains that carry a risk of forced labour or child labour being used and the steps it has taken to assess and manage that risk.
- Any measures taken to remediate any forced labour or child labour.
- Any measures taken to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in its activities and supply chains.
- The training provided to employees on forced labour and child labour.
- How the entity assesses its effectiveness in ensuring that forced labour and child labour are not being used in its business and supply chains.

[Beginning of Report Content]

Introduction

Through this report, Change of Scandinavia Canada Retail Inc. ("Change") affirms its compliance with Bill S-211 *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, and will note training, due diligence, and operating initiatives to combat forced and child labour. Change will develop and implement anti-forced labour and anti-child labour clauses for its contracts with suppliers and distributors and include these in all new contracts moving forward. Change will also utilize and amend pre-existing internal policies to ensure compliance with anti-forced labour and anti-child labour legislation. Change has conducted a risk assessment for its supply chain and has not identified areas with potential risk for forced and child labour. Change commits to continuing to monitor suppliers for potential risks of forced and child labour.

This report is the first report generated by Change for Bill S-211 compliance and is for the fiscal year ending June 30, 2023.

Structure

Change of Scandinavia Canada Retail Inc. ("Change") is a private company. The company has 98 employees in Ontario, British Columbia, and Quebec, and is based out of Mount Royal, Quebec. The company is structured into the following departments: Order Management/Customer Service, Sales, Operations, Human Resources, Warehouse Management, and Payroll.

Activities

Change operates as the Canadian subsidiary of Change Lingerie – Scandinavia's largest lingerie brand. Headquartered in Copenhagen, Denmark, Change Lingerie is a lingerie, swimwear, and nightwear company. Change has a logistics center in Quebec that services its retail stores in Canada and distribution centers for its online store.

Supply Chain

Change receives 100% of its supplies from its partner organization, Change of Scandinavia A/S. This partner organization is based out of Denmark. A breakdown of these goods by source country is found below:



Once supplies are received from Change of Scandinavia Inc., they are either shipped directly to consumers that have made purchases on the online store, or are sent to retail locations located across Canada.

Policies & Due Diligence

Current policies

Staff Handbook:

Change uses a standardized Staff Handbook across all entities within the group. This Staff Handbook includes human resources policies and procedures, including:

- A breakdown of warnings and termination policies;
- Absence policies;
- Overtime policies;
- Staff discounts;
- Corporate social responsibility policies; and
- Other staff policies for the organization.

Combatting Human Trafficking:

Change's Staff Handbook notes that the organization has spent 15 years donating products to Reden, an organization that works to improve the life situation for vulnerable Danish and foreign women (namely, those impacted by trafficking, prostitution, and abuse). The organization has goals to strengthen and further formalize this program with more regular donations and tracking of outcomes, as well as expanding participation internationally.

Code of Conduct:

Change has a Code of Conduct for manufacturers that lays out minimum standards, including (but not limited to) bans against:

- Child labour;
- Involuntary labour;
- Coercion and harassment;
- Discrimination;
- Unfair compensation;
- Unsafe working conditions;
- Quality standard breaches;
- Compromising confidentiality and data protection clauses;
- Inhumane working conditions;
- Subcontracting;
- Suppression of association;
- Blocking or inhibiting regular monitoring of compliance;
- Resource mismanagement and environmental irresponsibility, and
- Unethical sourcing.

Additionally, this document addresses working days, holidays, safety inspections and workplace injuries. All suppliers for Change of Scandinavia are required to sign this code of conduct.

Due diligence

Training and Awareness:

As part of their onboarding, all Change employees undergo mandatory training to recognize and respond to instances of violence and harassment. This training is crucial in preventing incidents and ensuring employees are prepared to act appropriately in potential situations, enhancing workplace safety.

Site Visits:

Change does not conduct site visits to these manufacturers themselves, as they are too far up the supply chain. However, Change's partner organization, Change of Scandinavia Inc.'s COO, frequently conducts site visits with suppliers to ensure that there are not instances of child or forced labour within the supply chain. Change of Scandinavia Inc. also conducts an annual audit of suppliers to ensure

compliance with the code of conduct. The site visits and supplier audits conducted by Change of Scandinavia Inc. help to mitigate the risk of child labour or forced labour practices within Change’s supply chain.

Hiring Practices:

Human Resources is responsible for the hiring of all employees, with final signoffs required from managers in respective departments taking on new employees. After receiving approval from Regional Managers, managers can contact the Human Resources department to initiate job postings and recruitment processes. Candidates are screened to ensure legal status qualified to work for Change.

Risk Identification and Management

A risk assessment over Change’s industry of operation, goods and services procured, and countries goods and services are procured from has been performed over material direct suppliers. This risk assessment used two separate indices to conclude on the inherent risk of child labour and/or forced labour related to goods and countries - Walk Free’s Global Slavery Index and the US Department of Labor’s List of Goods Produced by Child Labor or Forced Labor.

Industry of Operation

Change operates in the clothing and textiles industry. Using the two indices noted above, this industry has an inherent risk exposure regarding child labour and forced labour. **This does not mean that evidence of forced labour or child labour was found to support this risk analysis.** However, there is an increased inherent risk which necessitates closer scrutiny by Change to ensure those risks do not flow through to our supply chain and with whom we do business.

Goods and Services Procured and Countries Which They are Procured From

A breakdown of major goods procured by Change in FY 2023 by location may be found below:

Procured Good	Procured Good Inherent Risk	Country of Origin	Country of Origin Inherent Risk	Procurement Spend (as a % of total procurement spend)
Clothing/Textiles	Very High	Denmark	Low	100.0%

All goods procured by Change are sourced through Change’s partner organization, Change of Scandinavia Inc., based out of Denmark, which carries a low risk for child/forced labour. Clothing/textiles carry inherent very high risk of forced and child labour. **This does not mean that evidence of forced labour or child labour was found to support this risk analysis,** but that there is an increased inherent risk which necessitates closer scrutiny by Change to ensure those risks do not flow through to the goods that they procure. It is worth noting that Change of Scandinavia Inc. sources its goods from manufacturing facilities in China, Burma, and Cambodia, but these facilities are too far up the supply chain to be included in this report.

Mitigating Activities

Mitigating Activities

To mitigate the risk of child labour and forced labour within supply chains, Change has a Staff Handbook which establishes guidelines for ethical conduct, reporting channel and methods for any related complaints, and outlines procedures for addressing breaches of the Handbook. This Handbook is standardized across all entities in the Change group.

We will continue to update and evolve our internal employee policies, and supplier procedures and monitoring program to mitigate the risk of child labour and forced labour within our supply chains. Change of Scandinavia Inc.'s newly hired ESG coordinator will be developing other ESG policies along with the Handbook throughout the coming year.

Remediation Forced & Child Labour & Vulnerable Family Income Loss

Change has not identified any cases of forced or child labour within its supply chain, and therefore is not responsible for any remediation. Change commits to remediate human rights incidents and violations that occur within their operations and communities. This may include restitution, compensation, rehabilitation, satisfaction, and non-repetition. Change will continue to monitor processes to ensure that they do not conduct business with entities that violate human rights or labour rights and will immediately cease business with an entity if evidence of forced labour or child labour is found. Finally, Change will develop a code of business conduct policy for employees.

Awareness Training

During the onboarding process for new employees, Change conducts Ministry of Labour, Training and Skills Development Health & Safety at Work training. While Change's current training programs do not explicitly focus on forced labour and child labour, they will serve as a strong foundation as the organization looks towards future training. By 2025, the organization aims to have 100% of new staff receive mandatory onboarding training on human rights, common causes and consequences of forced and/or child labour, and how to report observed breaches of Human Rights legislation within the company's supply chain.

Self-Assessment Process & Requirements

Change is aware that some of the types of goods procured by the company have inherent high risks of forced labour and child labour. Change remains committed to a zero-tolerance policy for any suppliers found to be employing forced or child labour.

Change recognizes the need for continuous improvement and the following will be implemented going forward to ensure we assess effectiveness and have policies and processes to prevent and reduce risks related to child and forced labour:

- Create internal policies, such as a Human Rights Policy.
- Continue to investigate where our suppliers receive their goods, monitor the types of goods we procure, and the risk of forced labour and child labour associated these goods.
- Develop employee training relevant to this Act for applicable employees to increase awareness of forced and child labour.
- Conduct risk assessments on its countries of operations, suppliers, and types of goods procured to evaluate the inherent risks of forced and child labour.
- Integrate anti-slavery/forced labour and/or child labour standards/conduct into internal policies (employee handbook and training), as well as supplier due diligence procedures (supplier agreements and questionnaires).
- Monitor our key suppliers for evidence of forced labour and child labour through questionnaires and attestations for annual sign-off.

Attestation

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 2023 reporting year.

Claus Walther Jensen, CEO

Date

Signature

 11/8/2025

I have the authority to bind Change of Scandinavia Canada Retail Inc.