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MODERN SLAVERY WEBSITE REPORT 2023/24

This report was issued in accordance with the Fighting Against Forced Labour and Child Labour in Supply Chains Act of 2022 (the "Act"). This report outlines the measures Chatters Limited Partnership ("Chatters") has taken during the year ending December 31st, 2023, to evaluate and mitigate the risks of modern slavery within its business operations and supply chains.

This report is not a revised version of a report already submitted for Chatters' financial year ended December 31, 2023. Chatters is not subject to reporting requirements under similar modern slavery acts in other jurisdictions.

1. Structure, Activities and Supply Chain

Structure

Since its establishment in 1991, Chatters has evolved to become Canada's leading hair salon chain, operating 122 locations (35 franchisees and 87 corporate locations). Beyond providing exceptional salon services, Chatters has distinguished itself as the leading distributor of professional hair care products in Canada and the third largest in North America. Our commitment to sustainability and ethical business practices is at the core of our operations, ensuring we not only meet but exceed industry standards in every facet of our business. This dedication to excellence and social responsibility has cemented Chatters' reputation as a pioneer in the beauty industry, continually setting new benchmarks for quality, sustainability, and ethical engagement.

Activities

At Chatters, we are more than just Canada's leading hair salon chain; we're also a top distributor of professional hair care products across North America. As a leader in the beauty industry, sustainability and ethical business practices are foundational to our operations. This commitment ensures that we not only meet but surpass industry standards for setting new benchmarks in quality, sustainability, and ethical engagement.

Supply Chain

As our supply chain consists of over 70 brand partners (majority based in North America), maintaining a business model that respects human rights at every level is paramount to us. We strive to do business with partners who uphold these same values to ensure integrity throughout our supply chain. If we suspect a supplier is at risk of violating any human rights / code of conduct items, we will conduct an inquiry. In the event that a potential violation of human rights is identified, Chatters will promptly address the issue with the supplier and set expectations for how the situation is to be addressed. If a non-compliance issue is not resolved in a timely

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manner, then Chatters will re-evaluate its business relationship with the supplier, up to and including termination of the business relationship.

2. Steps to Prevent and Reduce Risks of Forced Labour and Child Labour

Over the course of the previous financial year, Chatters has taken the following steps to prevent and reduce the risk of forced labour and child labour occurring in its activities and supply chains:

- Monitoring international developments, including legal changes and emerging risks, to identify and address supply chain vulnerabilities;
- Conducting an internal assessment of risks of forced labour or child labour or both in Chatters' activities and supply chains;
- Developing and implementing anti-forced labour or –child labour contractual clauses; and
- Developing and implementing child protection policies and processes.

3. Policies and Due Diligence Processes

Chatters actively refines its policies and training to ensure ethical practices and reduce risks of forced and child labour in its operations and supply chains to support our commitment to ethical excellence.

Chatters employees, suppliers and brand partners are expected to abide by the following practices:

- Take reasonable steps to identify, assess and address risks associated with loss of income and of forced- and child-labour practices in the operations and supply chains used in the provision of any goods and/or services to Chatters.
- Respect and abide by the laws, customs and business practices of the countries (including, without limitation, applicable health and safety and environmental legislation) in which the activities with Chatters are to be carried out.

3.1. Internal Policies

Chatters Red Deer and Mississauga Support Centre employees and Senior Field Management are expected to review and acknowledge the following policies during orientation and on an annual basis:

- **Code of Conduct Policy** – Our Code of Conduct policy sets high standards for ethical behaviour within our organization. Aligned with our corporate values, it guides decision-making and shapes our

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business operations. We prioritize compliance by reviewing and acknowledging the code during new hire orientation and annual policy reviews, reflecting our commitment to integrity and ethical conduct company wide.

- **Whistleblower Policy** – The Whistleblower Policy supports our dedication to business integrity by promoting transparency and accountability. It offers a confidential channel for reporting concerns, reflecting our commitment to a trustworthy and accountable workplace. Individuals can submit anonymous complaints by emailing chatters@signius.com, by calling the whistleblower hotline at 1-800-472-1529, by fax at 1-866-332-2699 or through reporting via the following link: <https://thecompliancepartners.com/chatters/>.
- **Anti-Bribery Policy** – The Anti-Bribery Policy outlines our stance on competition and expectations for all stakeholders. It guides behaviour, mitigates risks, and establishes reporting obligations, especially concerning interactions with public officials. This policy upholds ethical standards and ensures compliance with anti-corruption laws.

All employment practices comply with provincial employment standards legislation.

Chatters Red Deer and Mississauga Support Centre employees and Senior Field Management are expected to review and acknowledge this report upon publication.

3.2. Supplier Agreement

In 2023, Chatters recognized an opportunity to strengthen our expectations surrounding the prevention of forced and child labour. Consequently, in 2024, we have issued the following terms of agreement to our suppliers:

Representations, Warranties and Covenants

- **Incorporation.** Supplier is a corporation incorporated and validly existing under the laws of its jurisdiction of incorporation.
- **Due Authorization.** Supplier has all necessary corporate power, authority, and capacity to enter into this Agreement and to carry out its obligations under this Agreement. The execution and delivery of this Agreement and the consummation of the transactions contemplated by this Agreement have been duly authorized by all necessary corporate action on the part of Supplier. There are no events or proceedings, actual or pending, which impair or threaten to impair Supplier's ability to perform its obligations under this Agreement.
- **Enforceability of Obligations.** This Agreement constitutes a valid and binding obligation of Supplier enforceable against it in accordance

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with the terms of this Agreement, subject, however, to limitations with respect to enforcement imposed by law in connection with bankruptcy or similar proceedings and to the extent that equitable remedies such as specific performance and injunction are in the discretion of the court from which they are sought.

- **Supplier Activities.** The fabrication, packaging, labelling and storage operations utilized in the production of the Products, the facilities used to manufacture, prepare, process, extract, calibrate, perform quality control on, package, label, store, supply, deliver and otherwise deal with the Products, the installation, operation and maintenance of the facilities and any equipment, tooling, change parts, molds, nutrients, solvents, resuspension oils, or other inputs utilized in connection with the facilities and the Products, and the procedures and processes carried out by Supplier or its subcontractors under this Agreement, have been conducted and carried out, as of the date hereof, and shall continue to be, during the Term, conducted and carried out, in full compliance with good production practices and the requirements of all Applicable Laws. For certainty, Supplier has, and shall continue to have in place, a sufficiently tested, suitable and reliable Products safety and quality assurance program, including a process to effectively and efficiently address Recalls.
- **Compliance with Laws.** Supplier and its subcontractors are, and during the Term, shall continue to be, in full compliance with all Applicable Laws. Without limiting the generality of the foregoing, Supplier is currently in compliance with the Fighting Against Forced Labour and Child Labour in Supply Chains Act (Canada) (the “Modern Slavery Act”) and does not and shall not use in the production of the Products child labour, or forced labour and does not and shall not purchase during the Term raw materials or components to manufacture the Products that are manufactured or, processed or procured using child labour or forced labour. Supplier shall take commercially reasonable efforts to provide any required reports or information concerning such compliance to Chatters upon request. For the purposes of this Section, the terms “child labour” and “forced labour” shall have the meanings given those terms in the Modern Slavery Act.
- **Governmental Authorizations.** Supplier and its subcontractors hold, and during the Term shall continue to hold, all regulatory approvals, licenses, permits and similar governmental authorizations necessary or required for Supplier and its subcontractors to manufacture, prepare, process, extract, calibrate, perform quality control on, package, label, store, supply, deliver and otherwise deal with the Products and to conduct its operations and business in the manner currently conducted and as contemplated under this Agreement.

4. Forced Labour and Child Labour Risks

Chatters has started the process of identifying the risks, but there are still gaps in its assessment. Chatters considers the risks of force labour or child labour to be low in its operation and supply chains. All employees in Canada are hired in accordance with, at a minimum, the applicable laws and regulations, and Chatters conduct checks to ensure that individuals have the right to work and are choosing to work on their own free will. Further, all employees have the freedom to join a trade union or other similar associations.

5. Remediation Measures

Chatters has not identified risks related to forced labour or child labour in its supply chains. Further, it has not identified forced labour or child labour in its own direct operations. Consequently, to date, remediation measures have not been required.

6. Remediation of Loss of Income

As Chatters has not yet identified any instances of forced labour or child labour in its activities or supply chains, measures to remediate the loss of income to the most vulnerable families that results from measures taken to eliminate the use of forced labour or child labour have not been required.

7. Training and Capacity Building

Chatters' employees receive ongoing training on ethical matters and our internal policies. All newly hired Chatters Red Deer and Mississauga Support Centre employees and Senior Field Management are expected to complete a mandatory compliance sign off which includes Code of Conduct, Whistleblower and Anti-Bribery policies. Annually, all Chatters Red Deer and Mississauga Support Centre employees must certify their adherence to the Code of Conduct, Whistleblower and Anti-Bribery policies.

In 2024, Chatters plans to provide targeted training that will cover the prevention of forced and child labour.

8. Assessing Effectiveness

While Chatters has yet to fully assess the impact of our actions, we are committed to evaluating their effectiveness in preventing and reducing the risks of forced and child labour in our supply chains.

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Chatters Limited Partnership is fully committed to the prevention of Forced and Child Labour.

9. Approval and Attestation

This report was approved pursuant to subparagraph 11(4)(b)(ii) of the Act by the Board of Directors of Chatters Limited Partnership.

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 the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in this report is true, accurate and complete in all material respects, for the purposes of the Act, for the reporting year listed above.



Phil Horvath

President and Chief Executive Officer

I have the authority to bind Chatters Limited Partnership

Phil Horvath

NAME

May 29, 2024

DATE