



## Cosmetica Laboratories Inc.

### Report under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* For Period Ended December 31, 2023

This report has been prepared by Cosmetica Laboratories Inc. ("Cosmetica" or, the "Company") pursuant to the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "Act") for the period ended December 31, 2023. It sets out the steps taken to prevent and reduce the risk that forced labour or child labour is used at any step of the production of the Company's goods, in Canada or elsewhere, or of goods imported into Canada by the Company.

For this report, Cosmetica is reporting for its fiscal year September 1, 2022 to August 31, 2023, and the calendar year January 1, 2023 to December 31, 2023.

#### **Company Structure, Activities and Supply Chains**

Cosmetica is a privately owned company incorporated under the Ontario *Business Corporations Act*. Cosmetica is headquartered in Toronto, Ontario and has over 500 employees. The Company is a leader in the development and manufacturing of custom cosmetic and skincare products. Research and innovation, manufacturing and distribution is conducted at the Company's Toronto headquarters, as well as sales and marketing activities and corporate support functions. Cosmetica also operates a product development and sales office in Los Angeles, California.




Cosmetica's global supply chain consists of equipment vendors, indirect materials suppliers and raw materials and component suppliers located around the world. Cosmetica endeavours to have long-term relationships with its various vendors and suppliers and written contracts for the supply of goods and services to its business.

#### **Cosmetica's Policies and Due Diligence Processes**

Cosmetica maintains the highest level of integrity and ethical standards in the conduct of its business. The Company is committed to conducting its business in a manner which respects and protects human rights on an international scale, including guarding against forced labour and child labour in its supply chains.

##### **1. Cosmetica's Employee Code of Conduct**

Cosmetica has an employee Code of Conduct (the "Code") that sets the expectations and standards for ethical business conduct in Cosmetica's workplace. The Code addresses various principles related to ethical business practices, both in internal Company matters as well as external relationships and communications, and reflects Cosmetica's belief that honest and transparent business practices and relationships strengthen the Company's business and benefit all stakeholders. The Code also requires employees to report known or suspected violations and provides the Company's commitment that whistleblowers will be protected from any possible retaliation.

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All existing Cosmetica employees have been trained on the Code and new employees are trained as part of their onboarding process.

## 2. Cosmetica's Supplier Code of Conduct

In addition to the employee Code of Conduct, Cosmetica has also implemented a Supplier Code of Conduct (the "Supplier Code"), which every vendor and supplier of Cosmetica is required to sign and adhere to in order to do business with the Company. The Supplier Code sets out Cosmetica's minimum expectations regarding ethical vendor and supplier business practices, including compliance with laws, anti-corruption, respect of human rights, safe and healthy working environments, protection of the environment and product quality assurance.

Cosmetica's Supplier Code specifically contains provisions prohibiting child labour and forced labour, as follows:

### ***Forced Labour & Human Trafficking***

*Supplier shall not use any kind of forced or involuntary labour, including labour under conditions of slavery, labour with physical or psychological constraint, or human trafficking. Supplier must use only workers who are legally entitled to work in the jurisdiction in question and employees must be free to terminate their employment contract following an agreed term of notice.*

### ***Prohibition of Child Labour***

*Supplier shall not use child labour in production or anywhere else in its business. The term "child" refers to any person employed under the age of 15 (or 14 where the laws of the country permit), or under the age for completing compulsory education, or under the minimum age for employment in the country, whichever is greatest. The use of workplace apprenticeship programs, which comply with all laws and regulations, is encouraged. Workers under the age of 18 shall not be employed at night or in hazardous conditions.*

Cosmetica's Supplier Code also provides Cosmetica with the right to inspect and audit suppliers to ensure compliance with the Code, including by way of information requests and audits of suppliers' facilities. Suppliers are also required to provide their employees with the means to bring forward whistleblower reports, and to protect their employees from any possible retaliation they may encounter as a result.

## **Cosmetica's Commitment**

Cosmetica is committed to compliance with all applicable laws and regulations and to conducting its business in a responsible and ethical manner in all respects and throughout its complete supply chain. Cosmetica reviews its standards and business practices on a regular basis, including with respect to international standards and implements updates and changes to continue to meet its requirements under laws and as a responsible corporate citizen. Cosmetica is committed to conducting a risk assessment to assess its effectiveness in preventing and reducing risks of forced labour and child labour in its activities and supply chains at a later stage.

## Risk and Remediation

To date, Cosmetica has determined that its activities and supply chains do not carry a material risk of forced labour and child labour. Cosmetica has not identified any instances of forced labour or child labour in its supply chains and no situations have arisen requiring the implementation of remediation measures, including the remediation of loss of income on impacted families.


## Approval and Attestation

This report was approved pursuant to subparagraph 11(4)(a) of the Act by the Board of Directors of Cosmetica Laboratories Inc.

In accordance with the requirements of the Act, I, the undersigned, attest that I have reviewed the information contained in this report for Cosmetica Laboratories Inc., and 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 period listed above.

I have the authority to bind Cosmetica Laboratories Inc.

Per:

  
Full Name: Randy Auld  
Title: Chief Operating Officer  
Date: May 14, 2024

