

FIGHTING AGAINST FORCED  
LABOUR AND CHILD  
LABOUR IN SUPPLY  
CHAINS ACT REPORT

**GRAFTON** **N**  
APPAREL

**Retail Year 2023**

**Financial Year End February 3, 2024**

## ABOUT THIS REPORT

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This Report is made pursuant to the Canadian Fighting Against Forced Labour and Child Labour in Supply Chains Act (the “Act”) for the following entity Grafton Apparel Ltd (“**Grafton Apparel**” or “**Grafton**” or the “**Corporation**” or “**our**” or “**we**”) for the financial year ended February 3rd, 2024 (the “Reporting Period”).

This Report constitutes the first report prepared by the Corporation pursuant to Canada’s new Fighting Against Forced Labour and Child Labour in Supply Chains Act (the “Act”).

## OUR BUSINESS AND STRUCTURE

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Grafton Apparel Ltd is a Canadian-owned corporation that manages a portfolio of menswear retailers, including Tip Top Tailors, George Richards Big & Tall, and Mr. Big & Tall. Collectively, these brands operate 127 stores and 3 e-commerce websites across Canada. The company offers customers a curated selection of men’s apparel and accessories sourced from global and local partner brands, complemented by a range of proprietary labels.

The Corporation’s head office is located at 115 Applewood Crescent, Vaughan Ontario, Canada L4K 5C1. The organization is structured with departments categorized by their respective functions. This includes 102 head office employees, 9 distribution center staff, 36 members in the Ecommerce fulfillment team, and a workforce of over 1110 employees in retail stores across Canada.

## ACTIVITES AND SUPPLY CHAINS

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Grafton Apparel's business needs consist of the procurement of stock and non-stock goods, as well as services related to its retail business of selling men's apparel. In the reporting period, Grafton had over 350 direct suppliers<sup>1</sup>, 48 of which provide stock goods for sale.

The following table represents the main goods and services that Grafton Apparel uses in the context of its operations and how they are categorized:

CATEGORY	DESCRIPTION
Apparel and Accessories	Stock goods for sale in both retail and eCommerce channels.
IT Services	Infrastructure, networks, communications, software support, and all outsourced IT services.
Marketing	Communications, marketing and advertising agencies, photography, analytics, non-stock goods for stores and events
Corporate & Retail Resources	Goods and services intended for staff (ex: office supplies) Store renovations, repairs, utilities, leases, etc.
Transportation	Couriers, Logistics, Transport Companies
Other Professional Services	Audits, legal, consulting services, recruiters, etc.

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<sup>1</sup> Suppliers with transactions totaling less than \$10,000 are classified as "one-time use" vendors and are not considered in the information provided.

Most categories are considered low risk, mainly because they consist of service providers located in North America. However, Apparel and Accessories pose a higher risk due to manufacturing in high-risk countries. Grafton Apparel has categorized these at-risk stock suppliers as follows:

Tier	Definition	Example	Status
Tier 1	Main production sites, Service Partners, Wholesalers	Factory which cuts, sews, finishes Grafton Apparel brands product and ships to Grafton Apparel, domestic wholesale suppliers	MAPPED
Tier 2	Factories Who Supply a Tier 1 Partner (indirect supplier service to Tier 1)	Factory which cuts, sews, finishes product and ships to domestic wholesaler who sells to Grafton Apparel	NOT MAPPED
Tier 3	Fabric and components (indirect supplier service to Tier 1/2)	Fabric mills, tanneries, hardware and trims, packaging	NOT MAPPED
Tier 4	Raw materials (indirect supplier - service to Tier 3)	Textile fibres, natural and manmade materials	NOT MAPPED

A majority of Tier 1 suppliers are situated in North America, while Tier 2 suppliers extend to Bangladesh, Vietnam, Cambodia, and China. The higher risks for forced labor or child labor are associated with Tier 2 and lower suppliers. In line with our risk assessment strategy, our goal for the upcoming year is to map all Tier 2 suppliers (related to Grafton owned brands), aiming to enhance transparency and address potential risks in accordance with ethical business practices.

## Goods for Resale – Grafton Owned Brands

Products from Grafton-owned brands are meticulously designed in-house and skillfully crafted by a network of third-party supplier factories. These sought-after products are readily available to Canadian consumers through our ecommerce platforms and retail stores. We actively collaborate with our domestic and import suppliers, and we have been able to map our direct overseas supply chain for risk assessment down to Tier 3 suppliers. While progress has been made, ongoing efforts with domestic partners supply chain mapping underscore the commitment to continuous improvement. For the Reporting Period, Grafton procured over 2.4 million units across men's apparel and accessories, sourced either directly or through wholesale channels. The breakdown by country of origin is as follows:

Bangladesh – 1,069,456 units  
China – 891,673 units  
Cambodia – 442,106 units  
Vietnam – 2,051 units

## Goods for Resale – Partner Brands

With a third-party portfolio encompassing 24 brands, constituting approximately 26% of Grafton Apparel's total purchases, our brand office team collaborates seamlessly with merchant teams. Together, they supervise our branded programs, ensuring alignment between our brand partners and Grafton Apparel's expectations and operational standards. Additionally, Grafton Apparel is considering how to assess the controls that its partner brands employ to address risks of child or forced labor in their own supply chains, given that Grafton has limited visibility into these brands' supply chains.

## POLICIES AND DUE DILIGENCE

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### Direct Overseas Suppliers

Our overseas suppliers prioritize compliance through partnerships with recognized frameworks such as Better Work, SMETA, and WRAP Compliance. These collaborations enhance labor standards and sustainability within the global supply chain, demonstrating a commitment to ethical business practices.

## Who is Better Work?

Better Work, a collaborative program between the International Labour Organization (ILO) and the International Finance Corporation (IFC), focuses on improving working conditions within the global garment and textile industry. Through a comprehensive approach, Better Work conducts assessments of factories, evaluating compliance with labor standards and local regulations. The program offers advisory services and training to address non-compliance issues and enhance the capacity of both management and workers. Better Work's commitment to transparency ensures that assessment results are shared with stakeholders, promoting accountability and continuous improvement.

## Who is SMETA?

SMETA, or Sedex Members Ethical Trade Audit, serves as a valuable audit methodology for Grafton Apparel. It is designed to assess ethical and responsible business practices, covering labor standards, health and safety, environmental impact, and business ethics. Through conducting SMETA audits, Grafton Apparel aims to verify and enhance the ethical and social responsibility aspects of its supply chain. The audit process promotes transparency, accountability, and sustainable sourcing practices, aligning with the company's commitment to responsible business conduct.

## What is WRAP compliance?

WRAP Compliance, or Worldwide Responsible Accredited Production, is a global certification program promoting ethical manufacturing through comprehensive audits based on 12 principles. Ensuring accountability and transparency, WRAP has certified over 3,500 facilities globally with 3.25 million workers, conducting annual reviews to alleviate audit fatigue for brands. The program's impact includes training initiatives and educating social compliance auditors. WRAP's thought leadership actively contributes to discussions on evolving responsible sourcing trends, solidifying its role as a key player in advancing social compliance standards.

Grafton Apparel is dedicated to integrating ethical and responsible principles into its direct vendor compliance practices. By aligning with frameworks such as Better Work, SMETA, and WRAP Compliance, the company assesses and addresses compliance issues, demonstrating its commitment to ethical operations within the supply chain. Moving forward, formalizing and ratifying these vendor compliance practices remains a top priority for Grafton Apparel, reinforcing its dedication to promoting worker well-being and environmental sustainability.

## FORCED LABOUR AND CHILD LABOUR RISKS

### Risk Assessment

#### a. Business Operations

We believe that the risk of forced labour or child labour among our personnel and third party services suppliers is negligible. Our recruiting processes ensure compliance with the standards currently in force in Canada. Grafton Apparel does not own or operate any workforce or entities outside of Canada.

#### b. Within our Supply Chains

We recognize the potential risk of forced labor across our apparel and accessories supply chain. Currently, our risk assessment processes have focused on Grafton Apparel personnel and Tier 1 suppliers. While the risk is perceived as low among immediate direct overseas suppliers due to the current audit framework, extending these procedures to Tier 2 Suppliers is an important next step for a more comprehensive risk assessment. Moreover, the risk intensifies further down the supply chain with Tier 3/4 suppliers, posing inherent complexities in assessing this risk for indirect suppliers with limited control and visibility.

### Actions Taken

Grafton has mapped activities and supply chains up to Tier 1 Suppliers. For re-sale goods, where Grafton buys direct (not from a wholesaler), the supply chain mapping extends to Tier 2/3 suppliers. Additionally, for these direct programs, third-party audits are implemented for those Tier 1 suppliers. For Tier 2/3 suppliers, no actions or assessments have been conducted.

Given the nature of menswear products, there's an increased risk of forced labor in the supply chain due to human rights issues in the Xinjiang Uyghur Autonomous Region (XUAR) related to raw cotton materials. To address this, all Tier 1 suppliers received an "XUAR Integrity Declaration" to acknowledge and sign, confirming awareness of elevated risks in the region. Suppliers commit not to knowingly source products or services from a supplier implicated in forced labor or human rights violations connected to the repression of Uyghurs and other ethnic minorities in the XUAR. This policy remains in effect for five years from the date of signature and requires suppliers to notify Grafton of any material changes within the validity period.

## Remediation Measures

Grafton Apparel is committed to actively participating in the remediation of any confirmed instances of forced or child labor within its supply chain, should such events arise. Throughout the Reporting Period, Grafton Apparel neither identified nor received alerts regarding any instances of forced or child labor in its supply chain. Consequently, there were no circumstances requiring remediation during this period. Currently, we are in the process of reviewing a more formalized remediation process for 2024.

## Training

All new office employees are assigned a mandatory onboarding training package which includes training on our Code of Business Conduct. In 2024, Grafton Apparel intends to provide training to head office employees that will include material on child and forced labour.

## ASSESSING OUR ACTIONS

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### Assessment of Effectiveness

We recognize the need for continuous enhancement in our policies, due diligence, and risk assessment processes. Grafton Apparel's direct source product suppliers undergo external audits for non-compliance. However, we have not implemented additional measures to evaluate the effectiveness of compliance measures or the compliance of Tier 2 suppliers, who serve as manufacturers for our Tier 1 domestic partner base.

### Our Forward Commitments

As a rapidly evolving organization, acknowledging the significance of evaluating the effectiveness of our initiatives in fostering sustainable change and addressing forced and child labor, we find ourselves in the initial phases of this journey. Below includes our commitments in the upcoming year:

- **Review/Implementation of Policies:** We will thoroughly review all policies related to codes of conduct, responsible business, and ethics to ensure compliance. This ongoing effort reflects our commitment to maintaining ethical and sustainable business operations.



- **Employee Training Deployment:** We aim to expand and improve our training programs for our employees on forced and child labor, which are essential for raising awareness and fostering a collective commitment to addressing these issues.
- **Strengthening Due Diligence Framework:** We will maintain a steadfast commitment to human rights due diligence, consistently improving our framework.. Expanding our due diligence efforts, we'll engage with brand partners and suppliers to share our goals and aspirations.
- **Implementation of Audit Program:** Our audit program plays a crucial role in ensuring compliance and addressing potential issues for imported goods. We aim to extend this process to our Tier 2 supplier base.

## ATTESTATION

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This report was approved by the Board of Directors of Grafton Apparel Ltd. for the calendar year ended December 31, 2023, pursuant to paragraph 11(4)(a) of the Act.

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 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.

**Shamsh Kassam**

**Secretary**

**May 14, 2024**

DocuSigned by:  
*Shamsh Kassam*  
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I have authority to bind Grafton Apparel Ltd.