

A leader in the Canadian cosmetics industry, we deliver safe, innovative, high-quality products to consumers in Canada and around the world.

We consistently pursue higher standards in every product we launch to nourish our consumers' passion for health, fashion and beauty.

Cultivating beauty in the world



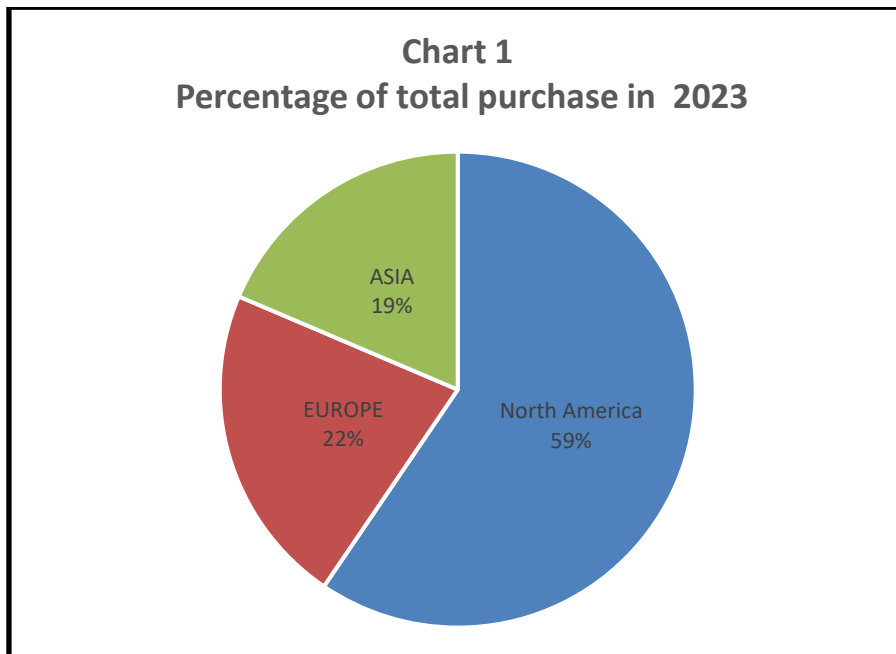
Groupe Marcelle (the “Company”), established 1949, is a manufacturer and distributor of cosmetics products and sunscreens. We distribute our products to most major retailers in Canada. We also sell direct to consumers via our e-commerce platforms. We are a leader in the Canadian cosmetics industry, we deliver safe, innovative, high-quality products to consumers in Canada and around the world.

As a manufacturer, we are vertically integrated as we design our products, and we source the different ingredients and packaging components to manufacture them across the world. Our brands, Marcelle, Watier, Annabelle, and CW Beggs are serving a wide range of consumers with a wide variety of skin care and colour cosmetics products.

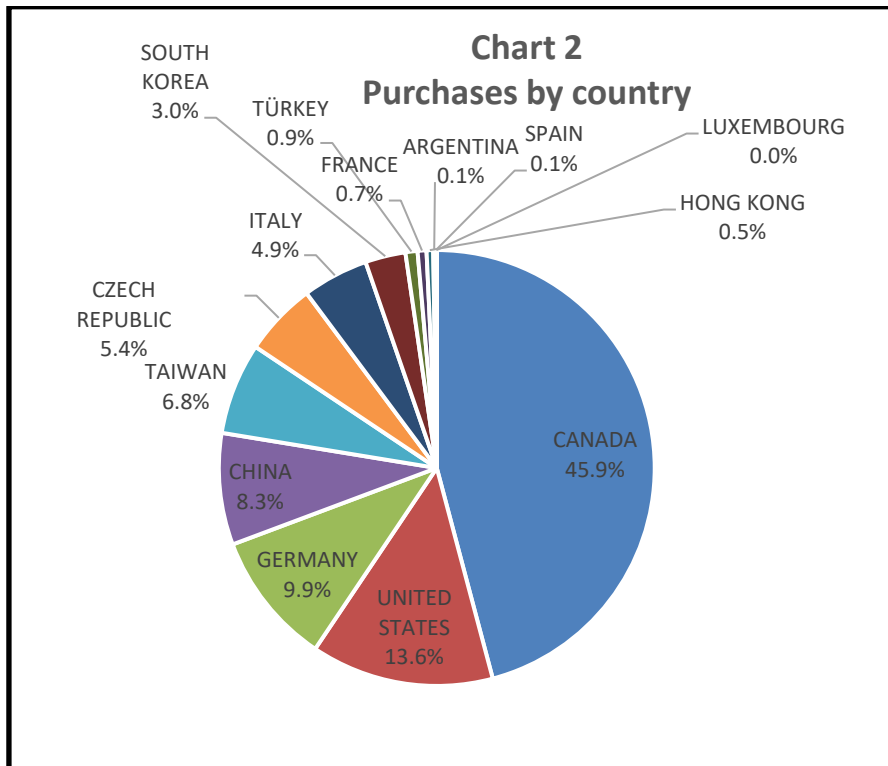
This Report on Modern Slavery, Child Labour, and Human Trafficking is issued by the Company for the period of January 1, 2023, to December 31, 2023. Our website clearly sets out What we Stand For, Who we are, What we will become And Our values. More information can be found on our website [What We Stand For - Groupe Marcelle](#).

Supply chain mapping

Our supply chain is critical element of our business. It supplies over 700 different chemicals, 600 packaging components and 1000 bulk and finished products that feed our manufacturing which meet the commercial needs of our brands. Our supply chain also provides all the components related to the temporary and permanent display units we supply to the retailers. As we have been in business for 75 years, our supply chain is mostly made of suppliers we have done business for several years. It is spread across several continents. Chart 1 below shows the split of our purchases by continent.



A more granular view of this information can be seen in Chart 2, showing the percentage of our purchases by country in 2023.



*All the data supply chain data is based on Groupe Marcelle purchases related to its manufacturing process in 2023.

Internal assessment of risk of forced labour and child labour

As over 80% of supply chain purchases are from North American and Europe, we have not historically considered our activities at risk regarding forced labour and child labour.

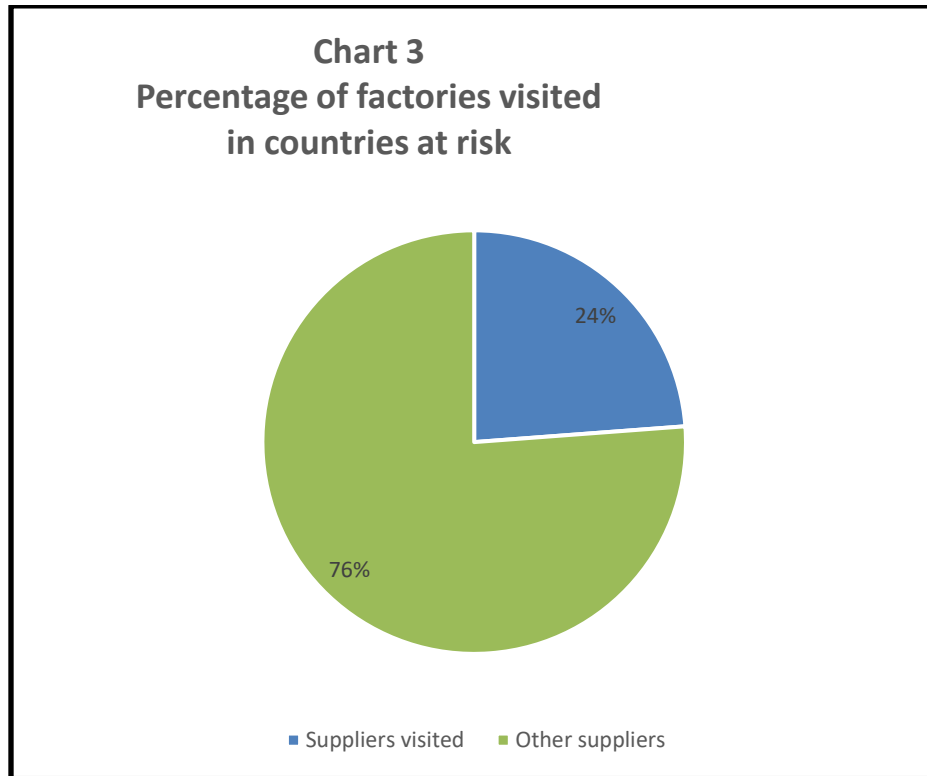
Nevertheless, based on current federal regulations, we are in the process of evaluating our entire supplier base to ensure full and confirmed compliance.

Our corporate policy is based on getting confirmed commitment from all our suppliers to strictly prohibit forced labour or child labour and to conduct due diligence assessment to manage the

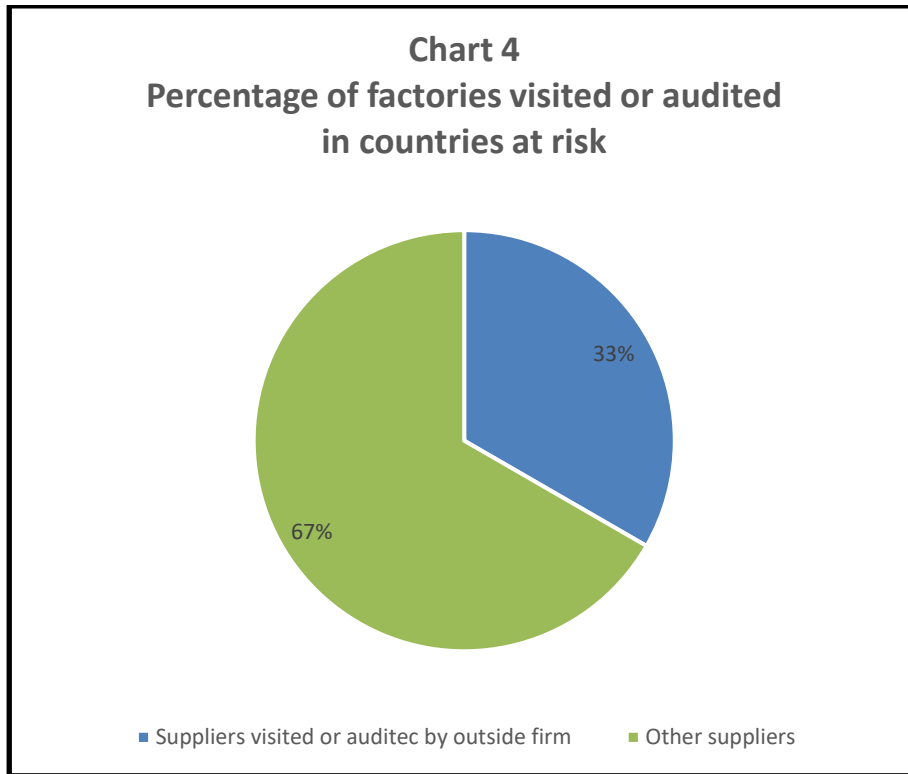
risk in their supply chain. This document can be found in Appendix I. This document clearly states our commitment to ensure we do business with suppliers that share our values and commitment to absolutely prohibit forced and child labour. This policy has been communicated to all our suppliers and a significant percentage have already confirmed their commitment in writing to comply with the said policy. Our work will continue throughout 2024 to achieve our goal of 100% policy compliance. For any new suppliers, the Company makes receiving the signed policy a pre-condition before commencing a commercial relationship.

To further guide our efforts to evaluate the risk related to forced labour and child labour, we used data published by *The Bureau of International Labor Affairs (ILAB) of the US department of labor*. The dataⁱ list 159 goods from 78 countries and areas which ILAB has reason to believe are produced by child labor or forced labor in violation of international standards, of September 2022. From this list, Taiwan, China, Turkey and Argentina are the only countries we do business with. A further review of the list of goods indicates that none of the goods we purchased from these countries are identified as being potentially produced through forced labour and child labour.

Beyond this basic assessment, our supplier base has been stable over the year and several of our suppliers have been visited by our staff or outside quality auditing firms, including visits of their factories. Direct observations of their manufacturing activities and the staff involved showed no evidence of forced labour or child labour. Of the countries listed as potentially using forced and child labour seen according to ILAB assessment, our own staff has visited factories in China and Taiwan. Chart 3 shows that factories we have visited account for 32% of our total purchased and 24 % of factories we do business within countries at risk of using forced labour and child labour.



Additionally quality audits led by outside firms have been conducted in some of factories we do business. All together, 33% of factories we do business in countries at risk of using forced labour or child labour have been visited either by our own staff or a quality auditing firm mandated by us, as seen on Chart 4. Based on this data, we consider our supply chain activities are at a low risk to be exposed to forced labour or child labour.



Industry wide risk analysis

While we consider our supply chain activities unlikely to be exposed to forced and child labour, a review of the potential exposure of the cosmetic industry as a whole is appropriate. A detailed review the report *2022 list of goods produced by child labor or forced child labor published by The Bureau of International Labor Affairs (ILAB) of the US department of labor* was completed for that assessment.

This report identified the Palm Oil Supply Chain as Palm oil is one of the most common ingredients used in consumer goods. According to ILAB, multiple palm oil products produced in Indonesia are made with an input using child labor and forced labor, specifically palm fruit harvested in Indonesia. These palm oil products include crude palm oil, crude palm kernel oil, refined palm oil, refined palm kernel oil, and oleochemicals. For the cosmetics industry,

oleochemicals are the chemical targeted. Due to its high fatty acid content, palm oil can be used to make surfactants, emulsifiers, and emollients.

The palm oil supply chain is difficult to trace beyond the refined oil stage to the original plantation and to the palm fruit itself. There are, however, industry and government efforts to combat child and forced labor in the Indonesian palm oil supply chain. These include the Roundtable on Sustainable Palm Oil (RSPO), which has over 4,000 corporate members and covers roughly one-fifth of the global palm oil market, as well as the Government of Indonesia's own certification program, Indonesian Sustainable Palm Oil.ⁱⁱ

We currently have 31 chemicals derived from palm oil certified by RSPO. Our work will continue in 2024 to identify all our chemicals formulated with any level of palm oil with the objective of setting a target in 2025 for using only RSPO certified chemicals.

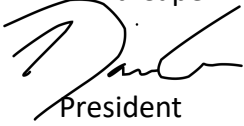
Conclusion

Overall, the risk of child and forced labour in Groupe Marcelle supply chain is low. Our supplier base is stable and aside from palm oil derivatives, our components, both packaging and chemicals, are not identified as risk of being produced by forced labour or child labour. That said, we understand that the risks associated with modern forced labour and child labour are not static and that best practices on monitoring and addressing these risks evolve constantly. As a result, we continuously monitor how we assess those risks. Our action plan moving forward will be focused on palm derived chemicals. Suppliers' member of the RSPO will be sought for any new palm oil derived chemicals we purchased for our products. Suppliers not members of the RSPO will be gradually eliminated from our supply base. Our policy of business ethics and code of conduct for suppliers will also be strengthened as a part of our plan for 2024. We will update this report annually.

APPROVAL

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.

David Cape

A handwritten signature in black ink, appearing to read 'David Cape', written over a horizontal line.

President
Groupe Marcelle
May 24th, 2024

“I have the authority to bind Groupe Marcelle Inc.”

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The Bureau of International Labor Affairs (ILAB) of the US department of labor (Sept. 2022), page 24.

https://www.dol.gov/agencies/ilab/reports/child-labor/list-of-goods-print?items_per_page=10&combine=china

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The Bureau of International Labor Affairs (ILAB) of the US department of labor (Sept. 2022), page 48.

https://www.dol.gov/agencies/ilab/reports/child-labor/list-of-goods-print?items_per_page=10&combine=china

Supplier Assurance Letter Against Forced and Child Labor

Date: [Insert Date]

To: [Insert Supplier's Name]

Subject: Assurance Against Forced and Child Labor

Dear [Insert Supplier's Name],

We, [Insert Supplier's Company Name], hereby affirm our commitment to ethical business practices and the eradication of Forced and Child labor. As a responsible partner in the supply chain, we recognize the importance of ensuring that our operations and those of our suppliers adhere to international standards and legal requirements.

By signing this letter, we declare the following:

1. **Forced and Child Labor Prohibition:** We prohibit the use of forced and child labor in any form within our organization and throughout our supply chain.
2. **Due Diligence:** We conduct thorough due diligence to assess and manage the risk of force and child labor in our supply chain.
3. **Supplier Compliance:** We expect our suppliers to share our commitment to eradicating forced and child labor. We require them to adhere to the same principles and actively prevent forced and child labor within their operations.
4. **Reporting and Transparency:** We are transparent about our efforts to combat forced and child labor. We report the steps taken to prevent and reduce the risk of child labor in our supply chain.
5. **Legal Compliance:** We comply with all relevant laws and regulations related to forced and child labor, both in our home country and in the countries where we operate.

By signing below, [insert Supplier's Name] acknowledges and agrees to uphold these principles. We appreciate your cooperation in maintaining an ethical and responsible supply chain.

Supplier's Signature: _____

Date: _____

Printed Name: _____

Title: _____
