

Fighting Against Forced Labour and Child

Labour in Supply Chains Act

Lamour Global Inc. Report

FY 2023

Reporting Entity's Legal Name: Lamour Global Inc.

Financial Reporting Year: 2023

Identification of Revised Report: Not applicable

Business Number (S): 857493126RC0001

Identification of Joint Report: Not applicable

Identification of Reporting Obligation in Other Jurisdictions: Not applicable

Entity Categorization according to the Act: Canadian business presence and meets size-related thresholds.

Sector/Industry: Wholesale importer.

Location: Canada

Date: 05.13.2024

Executive Summary

This report serves to outline our company's compliance, Lamour Global Inc., with Canada Bill S-211, an act aimed at combating forced labor and child labour within supply chains. The legislation mandates that businesses take measures to identify, prevent, and address instances and risks of forced labor and child labor in their operations and supply chains. This report provides an overview of our efforts to comply with the requirements of the bill, including policies, procedures, supplier engagement and training initiatives.

Introduction

Canada Bill S-211, also known as An Act to enact the Modern Slavery Act and to amend the Customs Tariff, is designed to address the issue of forced labor and child labor in supply chains and implement Canada's international commitment to contribute to the fight against forced labour and child labour through the imposition of reporting obligations of both Government institutions and entities. It requires entities operating in Canada to take proactive steps to ensure that their products and services are not linked to these egregious practices. Compliance with S-211 is essential for upholding human rights, promoting ethical business practices, and mitigating reputational risks.

Corporate Organigram

**ORGANIGRAMME DE
LAMOUR GLOBALE INC.**
(Sauf indication contraire, les % sont des pourcentages de vote)

ORG CHART OF LAMOUR GLOBAL INC.
(Unless indicated % are voting percentages)



Requirements (a) -Structure, Activities, and Supply Chains:

Structure: Lamour Global Inc. (“Lamour”) is a privately own, multinational importer and wholesaler company headquartered in Canada, Montreal at 55 Louvain Street West. Lamour is part of a group that has been in business for over 60 years and operates across various sectors with a focus on apparel and hosiery to several major retailers and licensed brands around the globe. The group also operates an office in New York and is comprised of the following affiliates:

- Terramar Sports, Inc.
- Trimfit Global Inc.

Activates: In 2023, Lamour continued its import and distribution of goods both domestically and internationally. The company’s activities included design, product development, sourcing, procurement, quality control, importing, packing & shipping, and distributing of apparel products from multiple countries to Canadian and global customers.

Supply Chain: Lamour’s supply chain spans multiple countries, throughout each stage of the supply chain, communication and collaboration with suppliers, manufacturers, logistics providers and other stakeholders are essential to ensure smooth operations and timely delivery of qualified products to our customer. Transparency and sustainability initiatives are integrated into these steps to promote ethical practices and minimize environmental impact:

- **Product development** by Lamour’s global customer or internal design and product development team.
- **Sourcing** raw materials and suitable suppliers which often involves negotiating contracts, ensuring quality standards and compliances requirements to maintain consistency and sustainability in the supply chain.

- **Lamour Suppliers** are mainly located in Asia, such as China, India, Pakistan, Cambodia, and Bangladesh
- **Compliance and Quality control** through a strict process, rigorous Lamour's compliance and Quality control requirements are implemented to ensure that human rights and ethical business practices are respected, finished products are safe for our customers and reduce the impact on the environment.
- **Packaging and shipping** stage also follows ethical business practices and take environmental concerns into considerations from the material to the labor involved in this stage.

Examples of our Vendor manual and COC are annexed to the report.

Requirements (b)-Policies and Due Diligence Processes:

Lamour has developed comprehensive policies and due diligence processes to address forced labor and child labor risks in its supply chains. As a trusted supplier to major retailers and brands in Canada, USA and UK, the group has continuously strived to work with suppliers that practice a policy of transparency and good corporate governance. In fact, Lamour has always ensured that its suppliers do not indulge in unethical practices even at a time when no legal framework related to labour and human right existed. These includes:

- Embedding responsible business conduct principles into company vendor manual and management systems. Refer to Annex A.
- Conducting regular risk assessment through internal audit or third-party audit to identify and assess potential risks of forced labor and child labor in the supply chain. Refer to Annex B.
- Implementing supplier codes of conduct and contractual clauses requiring supplier to adhere to ethical labor practices. Refer to Annex C.

- Engaging with stakeholders, employees and suppliers through communication, training, material sharing to promote awareness and collaboration on labor rights issues. Refer to Annex D.

Although Lamour did not have a written due diligence policy until recently, this does not mean that no due diligence was done prior to starting to work with a new supplier. The procedure to onboard a new supplier in relation to social compliance is as follows:

- Assessment of the reputation of the supplier from its customers portfolio and social compliance certifications.
- Gathering information via networking.
- A study of its supply chain and relationship with its suppliers up the chain.
- The supplier in question must sign a pledge that no materials are purchased from restricted areas and no part of the production process takes place in these areas too.
- A site audit of the facility by a member of the Lamour compliance team.
- Suppliers in high-risk countries are subject to more scrutiny.
- Once the Lamour sourcing team has identified a potential supplier, the Lamour compliance team takes over to conduct the site visit and internal audit. The new factory's audit report and recommendations are shared with the sourcing team for final approval. Meanwhile, a corrective action plan is raised for any non-compliance found during the audit. It is imperative that new supplier commit to correcting the issues within a mutually agreed timeline. If the issued are not corrected, Lamour would not work with this supplier.

Requirements (c)-Forced Labor and Child Labor Risks and Measures:

Lamour has identified various parts of its activities and supply chains that carry a risk of forced labor and child labor. These risks include:

- Raw material extraction: Risks of child labor or forced labor in farming operations for cotton.
- Factories: Risks of forced labor in subcontracted factories, particularly in regions with weak labor regulations.
- Warehousing: Risks of forced labor in this sector, particularly in regions where labor regulations are lax or weak enforcement mechanisms, are higher due to lack of education, limited job opportunities and/or lack of oversight.
- Supply Chain intermediaries: Risk of forced labor in transportation and logistics services.

To mitigate the risk of working with non-compliant suppliers with respect to forced and child labour, Lamour has reinforced its sourcing and compliance teams by hiring a director and a Vice President to lead the respective team. However, our visibility of the supply chain is limited to Tier 1 and to some extent Tier 2 suppliers for the moment. It is a daunting task to have complete visibility of the whole supply chain because there are many actors operating in it and who may not be in the same location or country. Lamour recognises that the textile and apparel industry employ a vast number of workers who are either uneducated or poorly educated. This fact exposes the workers to abuses by unscrupulous factory owners. The situation is more complicated with foreign suppliers because of barriers like language and culture. Therefore, to ensure compliance and overcome geolocation and language barriers, Lamour has hired local compliance officers to enforce its code of conduct and compliance standards. Annexed is the group's compliance manual.

In addition, in view of the growing concern of the labour situation in the industry, Lamour, as an ethical business entity, has implemented the following measures to counter the use of forced and child labour by its suppliers and reinforce its control on the suppliers' operations.

- Conducting internal local audits.
- Requiring the suppliers to have at least one of the major social compliance certifications.

- Interviewing employees during internal audits.
- All suppliers must have a written forced and child labour policy.
- All suppliers must sign a pledge not to use forced and child labour.
- Monitoring of activities and tracking of corrective actions through frequent local visits.
- Engaging with the suppliers' management team to ensure that recruitment is voluntary and that all documents are recorded for verification at any moment in time.
- No photocopy of a document is acceptable during our audit. All documents must be original.

As mentioned above, only our Tier 1 suppliers are concerned for the moment by our measures. Tier 2 suppliers are engaged upon request by our customers.

It is very challenging to have traceability of the materials and gain the access to its roots, Lamour has been contemplating the use of scientific tests like chemical profiling and DNA to ascertain the origin of certain materials like cotton especially when the materials are sourced from high-risk countries. The cost of these tests is prohibitive, we have already implemented this method with one key customer and hoping that the price of these tests will be reduced with more players coming in the market, so we can implement these tests on a large scale.

Lamour also tries to work with nominated material suppliers as far as possible to mitigate the risks in this sector. These suppliers have a degree of credibility.

Requirements (D)-Remediation Measures

A control system is never foolproof no matter how effective it can be. Fortunately, none of Lamour's suppliers have ever been caught employing forced or child labour. Nevertheless, there are protocols in place if ever a case of forced or child labour would be reported at any of our suppliers. The procedures are as follow:

- Immediate stop of all production and no new purchase orders can be issued to the supplier till further notice.
- An internal inquiry is initiated.
- A third-party audit may be requested.
- A site visit is arranged.
- Engaging with suppliers to address labor violations through corrective action plans.
- The case is reported to the customer and all information is shared.
- Assessing the progress of the corrective actions and providing support to supplier when needed.
- Cancellation or resumption of production based on the outcome of the investigation and implementation of the corrective action.
- Terminating relationships with suppliers unwilling to comply with ethical labor standards.

Requirements (E)-Training

Lamour provides mandatory internal and external training on forced labor and child labor to its compliance and quality assurance team and suppliers. This training covers topics such as:

- Acknowledge and Recognizing signs of forced labor and child labor.
- Reinforce company's policies and procedures related to ethical labor practices.
- Reporting mechanisms for addressing labor violations.
- Monitor and support supplier's ethical labor practices, raise awareness of labor rights issues.

Requirements (F)-Assessing Effectiveness:

Lamour regularly assesses the effectiveness of its measures to prevent and reduce forced labor and child labor risks through below steps:

- Monitoring key performance indicators (KPIs) related to labor rights compliance.
- Conducting internal and external audits to evaluate the implementation of policies and procedures.
- Soliciting feedback from stakeholders, including employees, suppliers, and external auditors to identify areas for improvement.

Conclusion

Commitment to excellence and integrity in all aspects of how it conducts its affairs is at the heart of Lamour's values, and it remains committed to upholding ethical labor practices and ensuring compliance with Canadian Bill S-211. By implementing robust policies, due diligence processes, and remediation measures, maintaining the highest standards of business integrity, compliance and adherence to international code of business practices, Lamour strives to mitigate the risk of forced labor and child labor in its operations and supply chains. We have acquired a reputation over the years, and we will endeavour to preserve it.

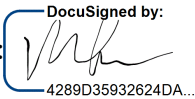
Attestation

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

Full Name: Martin Lieberman

Title: Vice-President

Date: May 29, 2024

Signature: 4289D35932624DA...

I have the authority to bind Lamour Global Inc.

Annexes

Annex A: Lamour Social Compliance Manual

Annex B: Social Compliance Audit

1. Lamour internal audit check list
2. 3rd party audit report
3. Compliance audit correction plan and follow up.

Annex C: Supplier Codes of Conduct and Recruitment Management Procedures

1. Example of Lamour Child and Forced labor pledge signed with factory.
2. Lamour COC posted in factory along with Factory's COC in local language.
3. Supplier ethical practice policy
4. Supplier recruitment and management procedure

Annex D: Internal and External Training Record

1. Factory training record on forced labor, prohibition on child labor and recruitment procedure
2. Lamour internal training agenda with QC and Compliance team