

May 31, 2024



MARK EDWARDS APPAREL INC.

**2023 REPORT ON BILL S-211, AN ACT TO ENACT
THE FIGHTING AGAINST FORCED LABOUR AND CHILD
LABOUR IN SUPPLY CHAINS ACT AND TO AMEND THE
CUSTOMS TARIFF**

2023 FINANCIAL REPORTING YEAR

1-INTRODUCTION

This Report is published pursuant to the Canadian “Fighting Against Forced Labour and Child Labour in Supply Chains Act” and sets out the steps that MARK EDWARDS APPAREL INC. (“Mark Edwards”) has taken to fight forced and child labour in our business and supply chains. The Report refers to the 2023 fiscal year end and covers activities from June 1st 2023 to May 31st 2024. As a federally incorporated business, we are required to include our statement with our financial statements on May 31st 2024.

A deep commitment to legal compliance and ethical business practices is firmly embedded in Mark Edwards’ history and company culture. We recognize our responsibility to respect and protect the human rights of all people who are part of or interact with our business. We are committed to acting ethically and with integrity and transparency as we continuously strive to put systems and processes in place to safeguard against any form of forced or child labour in our supply chain.

We expect our business partners and suppliers and their contractors to uphold these same principles within their operations.

2. RISK OF FORCED OR CHILD LABOUR AND STEPS TAKEN TO PREVENT AND REDUCE RISK OF FORCED /CHILD LABOUR

In 2023 Mark Edwards has adopted the following processes to reduce any risk that forced or child labour is used in their supply chain. We have taken the first steps with our sourcing and manufactures overseas (Mainly China and sometimes Bangladesh); as we felt this had the biggest risk factor of forced labour.

Mark Edwards recognized that there could be a risk of forced labour in the Region of Xinjiang Uyghur. (A region in China which sources a vast majority of raw cotton that could be used in the production of cotton apparel.)

Thus, we immediately set up a policy that all of our makers that produce cotton goods for us must attest to the BCI partnership which ensures the traceability of where the cotton is grown and picked. Our manufacturers cannot purchase cotton from farmers or growers in the Province of Xinjiang. (where an increased risk of forced labour has been recognized globally). All cotton used in our Production is BCI or USA bought and we have attestation of BCI for every importation of cotton goods into Canada and the USA.

** **Better Cotton Initiative** (BCI), a global not-for-profit, is the world's largest cotton sustainability programme. BCI aims to transform cotton production worldwide, by addressing the negative impacts of cotton growing and processing. As a BCI member, Coats is part of a global community sharing in this commitment.*

3. Structure, Activities and Supply Chain

ACTIVITIES: WHO AND WHAT WE ARE

Founded in 1995, Mark Edwards Apparel is owned and operated privately and is incorporated in Canada with their headquarters located at 8480 Jeanne Mance, Montreal Quebec H2P 2S3.

Our expertise and activities consist of apparel design and trend research. We source and manufacture our collections overseas and delivering quality and low-cost clothing merchandise that adheres to the highest standards and the quickest market production cycles.

Mark Edwards is a critical partner for many of North America's premier retailers. Providing trend, design, manufacturing and shipping more than 75 million units annually from production sites across Asia and North and South America. This impressive feat is a result of streamlined production processes and efficient supply chain management.

OUR SUPPLY CHAIN

Our Supply chain covers the design and production of apparel goods from sourcing, manufacturing, shipping, importing and distributing goods in Canada and the USA.

a) Sourcing

Mark Edwards has established a reliable and sustainable supply chain for raw materials through their manufacturing partners including cotton, wool, and synthetic fibers.

b) Manufacturing

Our Collections are sourced globally, with an industry-leading turnaround time of 8 to 10 weeks from idea to store. We strategically choose the most appropriate manufacturing processes based on types of products and the target market. Our factories are regularly audited for quality assurance and satisfy the highest ethical compliance standards.

c) Shipping and importing

Our numerous distribution centers can handle shipments swiftly and effectively. We can ship a large amount of goods almost immediately due to our EDI interoperability, C-TPAT and accreditation, vast shipping, and supply chain management expertise.

d) Sustainability

Mark Edwards obtains sustainability throughout the supply chain and production process. In 2023 we have taken the initiative to assess that our supply chains are united in our efforts to combat forced and child labour. We will continue to request that our vendors are audited for social compliances and implement and abide to fair labor practices. We have excellent, long-standing relationships with

our factories, forwarders, warehouses and we are confident that they are doing their part in the fight against forced labour. We frequently have our staff and/or audit partners visit these locations to assess any noticeable risk factor assessed to Ethical, Social and Labour Guidelines. In 2023 we are happy to report that we did not find any evidence of forced or child labour in any part of our supply chain.

4. COMPANY POLICIES AND PROCESSES IN RELATION TO FORCED AND CHILD LABOUR.

a) Policies and processes

Through new initiatives, policies and processes Mark Edwards strives to uphold the human rights of all employees, colleagues and third-party workers throughout our supply chain. We have a goal to take an active role in ensuring that ALL our suppliers respect human rights and take efforts to combat and prevent violations of forced and child labour.

b) Social audits

In 2023 we have conducted social audits that include risk assessments of labour laws on over 25% of our manufacturing factories overseas. Our goal is to audit the balance over the next 24 months.

We are committed to working with current and prospective suppliers to ensure a clear understanding and appreciation of the values and provisions of the Supplier Code of Conduct and ethical business practices.

c) Social and Ethical Compliance

Mark Edwards over the past 12 months has implemented that our manufacturers sign a Social and Ethical Compliance form prior to any manufacturing mandate. A Supplier Qualification Questionnaire must be completed and returned in conjunction with a signed copy of the Supplier Code of Conduct.

d) Third party Inspection

We use Third party Inspection companies (such as Intertek, Qima or SGS to conduct a SMETA audit which include some or all of labour standards, Health & Environment and business and Social Ethics including forced and child labour compliance.
Our factories are regularly audited for quality assurance and satisfy the highest ethical compliance standards.

In 2023, we have created a new position within Mark Edwards that is responsible for all vendor onboarding and Factory audits control which involve tracking and monitoring of any risk assessed before or during the supply chain process.

Any and all audit reports are reviewed and discussed with management and the respective factory. Any corrective Action Plan that is noted in the report is also shared with the factory with a follow up plan and time line for corrective actions to be taken. We will support our suppliers' efforts to meet the standards through dialogue and cooperation.

5. REMEDIATION

At Mark Edwards through our supply chain compliance and factory audits we are able to detect any evident risk or violations of child or forced labour laws. Our Audit Department reviews and reports any and all violations to management.

Suppliers who do not meet the requirements in the Supplier Code of Conduct need to take the necessary corrective actions and show progress. (This is tracked and monitored through follow up inspections and audited reports).

To date none of the audited reports show any violation of forced and child labour laws. To date, there have been no identified or reported instances of child labour or forced labour and any related loss of income resulting from our measures taken to eliminate the use of forced labour in our supply chain. As a result, we did not have to put in place remediation actions.

7. TRAINING PROVIDED TO EMPLOYEES ON FORCED LABOUR AND CHILD LABOUR

Our Human Resource Department is aware of local Labour Laws and Human Rights and provides an employee Code of Conduct in our Employee handbook that advocates the workers rights. We have not however trained specifically on Forced labour and child labour. We hope to roll out a robust employee training in our current Fiscal year, with the scope of the training focused on policies and due diligence practices to address modern slavery, promote awareness and identify key risk factors for Human rights Violations.

8. EFFECTIVENESS ASSESSMENTS TO ENSURE FORCED AND CHILD LABOUR ARE NOT BEING USED IN OUR OPERATIONS AND SUPPLY CHAIN.

Mark Edwards has put initiatives in place to determine the effectiveness of the efforts and audits in place to ensure that forced and child labour are not being used and we will continue to improve and monitor key indicators in this regard.

9. APPROVAL AND 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 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.

Mark Wiltzer

CHIEF EXECUTIVE OFFICER AND CORPORATE DIRECTOR

I have the authority to bind MARK EDWARDS APPAREL Inc.



MAY 31st 2024