

FORCED LABOUR AND **CHILD LABOUR REPORT** 2023 / FY24



PERRY ELLIS
INTERNATIONAL



INTRODUCTION

PEI Forced Labour and Child Labour Report 2023

This report is issued in accordance with section 11 of the Fighting Against Forced Labour and Child Labour in Supply Chains Act (the Act). It was made by Supreme Munsingswear Canada, Inc., a wholly owned subsidiary of Perry Ellis International, Inc. based on Fiscal Year '24, ending on 2/1/24.

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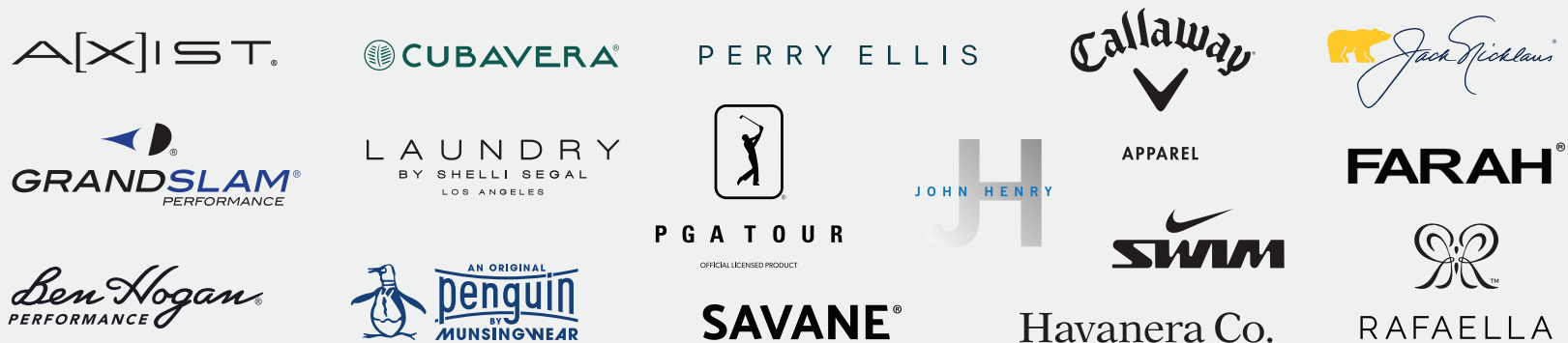
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OUR BUSINESS & STRUCTURE

Supreme Munsingwear Canada is a wholly owned subsidiary

of Perry Ellis International, Inc. (PEI), a privately-held company. PEI is a leading designer, distributor and licensor of a broad line of high quality men's and women's apparel, accessories and fragrances. The Company's collection of dress and casual shirts, golf sportswear, sweaters, dress pants, casual pants and shorts, denim wear, activewear, dresses and men's and women's swimwear is available through all major levels of retail distribution. The Company, through its wholly owned subsidiaries, owns a portfolio of nationally and internationally recognised brands.



Our products are manufactured by independent contracted suppliers and are sold and distributed through regional, national and international department stores, national and regional chain stores, mass merchants, green grass and other specialty stores, as well as corporate wear distributors throughout the world. We also engage in direct-to-consumer business via company-owned retail stores and e-commerce websites. Additionally, we license our proprietary brands to third parties for the manufacturing and marketing of various products in categories or territories in which we have no direct business operations. In Canada, we operate an office and collaborate with a third-party logistics provider to ensure seamless product delivery.

The Company enhances its roster of brands by licensing trademarks from third parties, including Nike® for swimwear and Callaway®, PGA TOUR®, and Jack Nicklaus® for golf apparel.



OUR SUPPLY CHAIN

We are committed to fostering a responsible and ethical supply chain.

This means prioritising fair labour practices, social responsibility, and sustainability throughout our operations. We partner with suppliers who share our commitment to these values. Our products are manufactured by a global network of independent suppliers in 31 countries. We have cultivated strong, long-term relationships with many of our key suppliers (some for over 15 years) representing 60% of our total production volume. These partnerships and collaborative approaches allow us to ensure consistent adherence to our standards.

PEI Revenue for FY24

Global - USD \$909.7M

Canada - USD \$44.1M



50+ Years in Business



18 US & International Offices

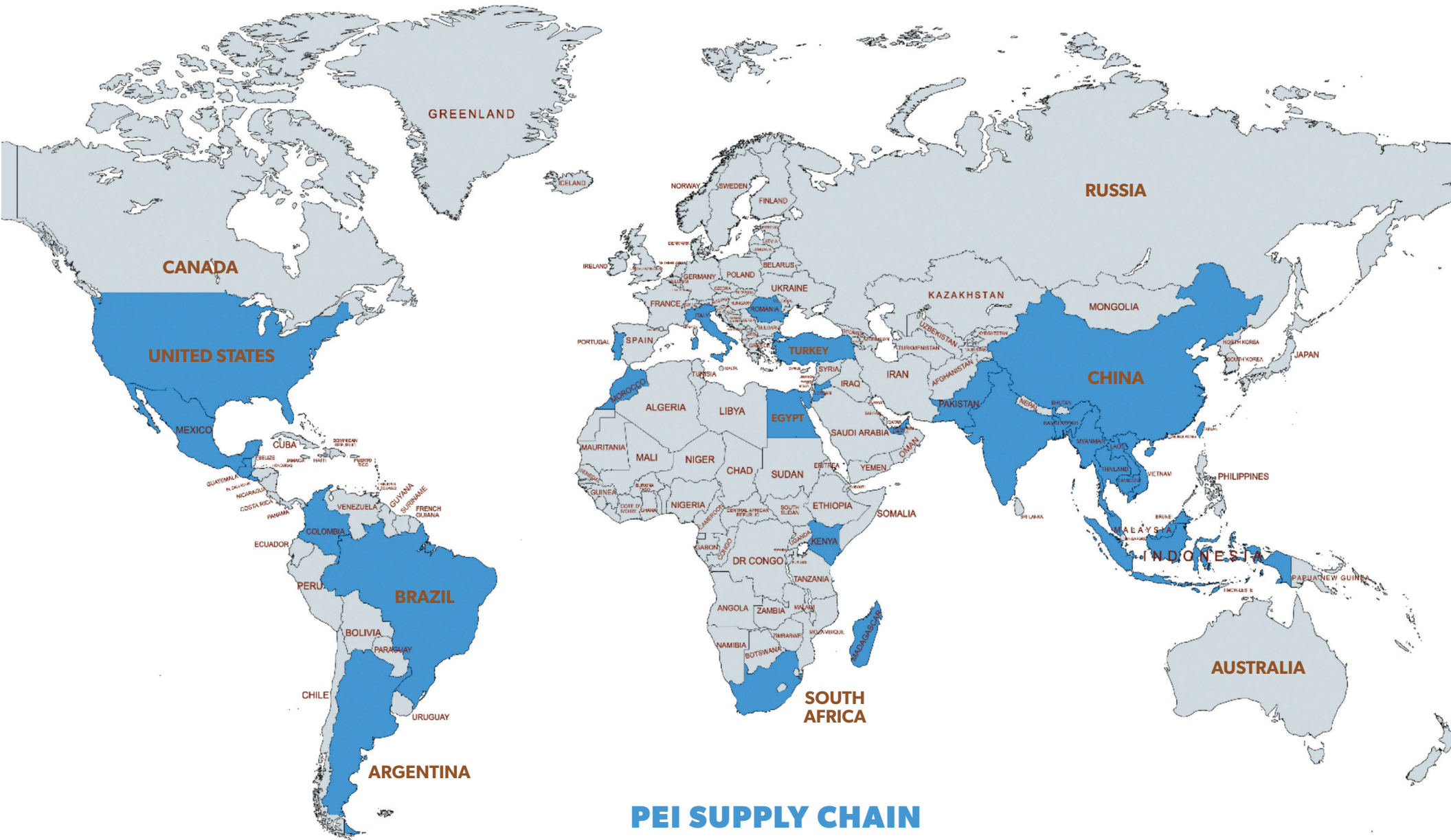


244 Global Retail Stores



2094 Global Employees / 3 Based in Canada





PEI SUPPLY CHAIN

Map reflects Tier 1 and 2 suppliers as well as Licensee manufacturers

Tier 1 - Main factory where products are manufactured

Tier 2 - Suppliers providing Support to Tier 1 Suppliers (includes: Laundry, Embroidery, Printing, Electroplating)

We're expanding our supply chain mapping initiatives to achieve deeper visibility beyond Tier 2 suppliers.

OUR DUE DILIGENCE

Onboarding suppliers is a key step in our process

to ensure all potential brand partners align with PEI standards. We take an integrated approach to screen suppliers prior to production placement. A fundamental aspect of our onboarding process is to require all Tier 1 suppliers to certify in writing through our Master Supply Agreement and Vendor Code of Conduct (VCOC), their compliance with PEI standards including all applicable laws within the country of business, including those related to human trafficking, forced and child labour. Direct suppliers are evaluated on their compliance with our VCOC through announced or unannounced audits by our internal auditors or third party providers. In lieu of conducting internal/third party audits, facilities may submit industry audits based on recognised industry standards. All reports are reviewed by our Compliance team and when applicable, we work closely with our suppliers to ensure proper remediation is implemented.

All purchase orders are reviewed prior to production placement to ensure only registered and approved suppliers are utilised. To further transparency, Tier 2, as well as metal trim suppliers, must be disclosed during the onboarding process. Tier 2 suppliers must provide a current industry audit report to establish their level of Compliance against our Code. If one is not available, Tier 2 suppliers must complete PEI's Self Assessment Questionnaire and provide supportive documentation to ensure compliance with PEI's VCOC.

Onsite audits and desktop evaluations are mechanisms we employ to detect and mitigate risks within our supply chain. At a minimum, direct suppliers are audited on an annual basis. When applicable, measures are taken to ensure the implementation of proper remediation, including desktop reviews or onsite follow-up visits. By fostering ongoing improvement and maintaining strong partnerships with our suppliers, we aim to prioritise the well-being of workers and facilitate the development of safe, compliant, and respectful workplaces. Our continuous engagement with suppliers to monitor progress in addressing risks related to forced labour, involuntary labour, and child labour is crucial for the effectiveness of our program.

ASSESSING AND MANAGING RISK

We believe in conducting business responsibly

and ensuring the well-being of workers at every level. We recognise the intricate nature of global supply chains, especially with our dual role as a brand owner and licensor. Therefore, robust risk management is vital. We conduct regular risk assessments, focusing on factors such as location, materials, and industry trends, to identify potential vulnerabilities for forced and child labour. In fiscal year 2024, our assessments focused on these key areas. Based on this targeted approach, we identified and addressed the following potential risks:

FOREIGN MIGRANT WORKERS:

Migrant workers can be especially susceptible to forced labour due to factors like passport/document retention, withheld wages, recruitment fees, threat of penalty and excessive working hours. We mitigate these risks through:

Strict Migrant Worker Policy: All direct suppliers must uphold our policy, ensuring fair treatment of migrant workers.

Vendor Code of Conduct: Requires vendors to comply with legal standards as well as ensure:

- All workers are informed in writing of the basic terms of their employment in their local language before leaving their country of origin.
- Workers are not required to pay any fees in order to secure or maintain employment.
- Workers receive a timely refund of fees and costs paid to obtain or maintain their employment.
- Workers are provided with full freedom of movement.
- Workers retain control of their travel documents.

Commitment and collaboration: PEI is a signatory in the AAFA/FLA's Commitment to Responsible Recruitment, a proactive industry effort to address potential forced labour risks for migrant workers in the global supply chain. As an industry and as individual companies, we are committed to the fair treatment of workers in the apparel, footwear, and travel goods supply chains. One key part of this ongoing effort is working collaboratively to eliminate conditions that can lead to forced labour in the countries from which we source products.

Refer to the link below for further information.

https://www.aafaglobal.org/AAFA/Solutions_Pages/Commitment_to_Responsible_Recruitment

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ASSESSING AND MANAGING RISK

Audits: Audits conducted in FY24 identified no instances of forced labour or worker exploitation related to foreign migrant workers.

COTTON SOURCING:

Due to documented forced and child labour issues in certain regions, PEI takes a proactive approach to responsible cotton sourcing through:

Restricted Sourcing: We prohibit cotton from countries with known forced labour risks (Uzbekistan, Turkmenistan, Xinjiang Uyghur Autonomous Region).

Traceability: Our Vendor Code of Conduct and Cotton Sourcing Policy require full traceability throughout the cotton supply chain, including maintaining and providing chain of custody documentation for all stages of mining, production, or manufacture of imported merchandise and components thereof.

LICENSING BUSINESS:

Our use of the licensed brand model offers several advantages, but it also can present some challenges when it comes to supply chain visibility and enforcing our standards. Since we don't have a direct relationship with partner factories, ensuring consistent adherence to our ethical sourcing practices can be more complex. We address this through:

Contractual Obligation: Licensees must disclose factory information and undergo our thorough onboarding, auditing and review processes.

Third-Party Audits: Prior to production, licensees must provide current audits from approved firms. Our Compliance team reviews these reports and rejects factories failing to meet our standards.

Corrective Action Plans: Factories needing improvements must provide a CAP along with supportive documentation to ensure remediation. CAPs are reviewed by our Compliance team.

Ongoing Audits: All factories undergo audits at minimum on an annual basis. Licensee supplier audits conducted in 2023 revealed no forced or child labour findings.

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UNAUTHORISED SUBCONTRACTING:

Unauthorised subcontracting can introduce hidden risks to our supply chain, particularly regarding working conditions, fair labour practices, and overall visibility. To address this challenge, we manage this by:

Onboarding and Monitoring: All direct suppliers must undergo our comprehensive onboarding process, which helps to minimise the likelihood of unauthorised subcontracting. This process includes a thorough review of their practices.

Enhanced Collaboration: We foster close collaboration between our Compliance team, Sourcing department, Quality Assurance team, and regional Merchandising teams. This collaborative effort allows us to:

- Identify potential instances of unauthorised subcontracting through information sharing and communication.
- Maintain ongoing supply chain updates for field teams, ensuring they are aware of any supplier status changes.

Consequence Management: If unauthorised subcontracting is found, we conduct an internal investigation, move orders to approved suppliers, and issue financial penalties. Termination of the business partnership may also occur. Audits and onsite monitoring visits conducted in 2023 identified no instances of unauthorised subcontracting.

Based on the fact that no findings of forced or child labour were identified as part of our due diligence process, no measures were required to be taken for remediation. We remain vigilant in upholding human rights and will continue to actively manage our supply chain to prevent such violations.

OUR POLICIES

At PEI, preventing forced and child labour is a core principle.

We actively set expectations with our vendors by communicating our zero-tolerance stance on forced labour and child labour in our Vendor Code of Conduct and policies. Additionally, we require strict compliance with all applicable laws and regulations by our suppliers.

Forced Labour Policy

Child Labour & Young Worker Policy

Migrant Worker Policy

Cotton Sourcing Policy

PEI's Vendor Code of Conduct (VCOC) outlines the minimum requirements of ethical and responsible business practices all our vendors, subcontractors, and licensees must adhere to as a condition of working with us. As a binding document, the VCOC is integrated into our Master Supply Agreement, ensuring our partners are aligned with our expectations.

<https://www.pery.com/Company/SocialCompliance>

PEI's Code of Business Ethics and Conduct serves as the foundation for our continued success. It promotes ethical behaviour across all levels of the company, safeguarding our reputation and fostering a culture of responsible citizenship. This code outlines the highest standards of conduct for our directors, officers, and employees, ensuring we operate with integrity and transparency while upholding the values that have driven our success for years.

<https://www.pery.com/Company/EthicsAndConduct>



TRAINING & AWARENESS

PEI EMPLOYEES

We prioritise training and education for our associates, particularly those in supply chain-facing roles.

Modern Slavery Training: All PEI global associates in supply chain roles participated in a mandatory, interactive training on modern slavery and human trafficking. This third-party program provided a thorough understanding of:

- The inherent risks of modern slavery and human trafficking within supply chains.
- How to identify potential red flags.
- The proper procedures for responding to suspected cases.

Deepening Our Knowledge: Compliance associates further enhanced their expertise by attending workshops and webinars focused specifically on forced labour.

Reinforcing Ethical Practices: Additionally, all PEI associates completed third party compulsory training on our company's Ethics and Code of Conduct. This comprehensive approach ensures that everyone at PEI understands their role in upholding our commitment to ethical practices.

SUPPLIER TRAINING:

We recognise that engagement with our supply chain partners should not be limited to audits. Equipping suppliers with knowledge and the tools to enable them to improve and succeed must be a priority. Training provides an avenue for suppliers to heighten awareness of prominent risks associated with forced labour, child labour and human trafficking, identify gaps, ask questions, engage with other suppliers and learn best practices. In FY24, in-person and virtual supplier training sessions were conducted in Bangladesh and China. The training included the following topics:

- PEI Compliance Standards & Vendor Code of Conduct
- Conflict Minerals Compliance
- Corrective Action Plans and Proper Remediation
- Supply Chain Transparency
- Forced Labour and Child Labour
- Regulatory Requirements
- Best Practices

PEI FORCED LABOUR AND CHILD LABOUR REPORT 2023

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.

I have the authority to bind Supreme Munsingwear Canada, Inc.

Jorge Nariño

Jorge Nariño (May 28, 2024 11:22 EDT)

Jorge Nariño
Chief Financial Officer