

Report on Fighting Against Forced Labour and Child Labour for 2024

This report (the “**Report**”) has been prepared by Thread Collective Inc. (“**Thread Collective**”) jointly for the behalf of itself as well as its affiliates, Imperial Apparel Group Inc. (“**Imperial**”), Stormpack Leisurewear Inc. (“**Stormpack**”) and 9167200 Canada Inc. dba Kanuk (“**Kanuk**”; Thread Collective, Imperial, Stormpack and Kanuk sometimes being collectively called the “**TCI Group**” or “**our**”), pursuant to the reporting obligations set out under Section 11 of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “**Act**”). The Report covers the consolidated financial year ended December 31, 2024 for the TCI Group, and outlines the steps taken to identify and address the risk of forced and child labour (sometimes collectively, “**Forced Labour**”) at all stages of the procurement, manufacture, importation and distribution of goods in Canada and abroad.

For each of its two most recent financial years, the TCI Group has met the size-related thresholds under the Act to be deemed a reporting entity in light of its assets (over \$20 million) and revenues (over \$40 million).

The TCI Group recognizes the gravity of Forced Labour and is committed to working with industry partners to develop and maintain suitable legal and ethical standards to address such risks.

1. Structure, Activities and Supply Chains

1.1 Structure

Thread Collective is a privately owned leading North American fashion wholesaler that designs, indirectly manufactures, markets, and sells the TCI Group Products (defined in Section 1.2 hereof). It is headquartered in Montreal, Quebec (Canada) and is incorporated under the *Canada Business Corporations Act*.

Thread Collective is wholly owned by 4148801 Canada Inc. (“**414**”), a Canadian corporation. Thread Collective is affiliated, and conducts business, with Imperial and Stormpack, which are also Montreal-based entities that are under the ownership of 414. Kanuk, also Montreal-based, is wholly owned by 1596347 Canada Inc., and is affiliated to these other members of the TCI Group.

A Chinese subsidiary of Thread Collective, namely, Shanghai Perfect Stitch Co., Ltd. (“**Perfect Stitch**”), provides quality assurance services for the TCI Group for the TCI Group Products that are manufactured in China.

At December 31, 2024, Thread Collective employed approximately 190 employees in Montreal. The TCI Group together employed fewer than 250 employees in Montreal.

1.2 Activities

The principal services that the TCI Group provides are the design, global sourcing, quality assurance and distribution of private label and branded apparel and accessories, consisting of proprietary brands as well as over 20 licensed-in third-party brands, including Bebe, Hurley, Ellen Tracy and Pajar (all collectively, the “**TCI Group Products**”). Most of the TCI Group sales are to major retailers in Canada and the United States.

The TCI Group’s multi-brand platform also includes an e-commerce business for certain proprietary and licensed-in brands, and dropship capabilities across North America.

1.3 Supply Chains

The TCI Group’s supply chain consists primarily of purchasing apparel and accessories indirectly through approximately 50 independent trading entities which purchase them in their own names from approximately 150 unaffiliated global clothing manufacturers. The TCI Group does not own or control any production facilities, nor contract for the manufacturing in its own name. These trading entities are unaffiliated, independent contractors. The TCI Group’s principal suppliers are located in Cambodia, China, India, and Vietnam.

2. Steps to Prevent and Reduce Forced Labour Risks

In general terms, in its fiscal year ending December 31, 2024, the TCI Group has taken the following steps to prevent and reduce the risk of Forced Labour in its activities and supply chains:

- **Internal Assessments:** The TCI Group has conducted internal assessments of its policies and due diligence processes for identifying and mitigating Forced Labour risks.
- **Supply Chain Mapping:** The TCI Group’s logistics department conducted a mapping of the TCI Group’s direct supply chains to better identify potential Forced Labour risks.
- **Supplier Compliance:** Thread Collective updated and strengthened its Supplier Code of Conduct (“**Code of Conduct**”) and made it applicable to the TCI Group’s joint supply chain contractors, consisting of unaffiliated, independent, trading contractors, as well as its affiliated quality assurance service provider, Perfect Stitch in China (collectively, “**Contractors**”). Furthermore, the TCI Group has implemented a policy requiring all Contractors to: (i) adhere to the Code of Conduct, (ii) enforce anti-Forced Labour policies and practises within their own organizations and supply chains, (iii) agree to submit to on-site inspections and audits as deemed appropriate; (iv) translate the Code of Conduct into their main official local language (in addition to English, as applicable) and post both language

versions in a conspicuous place in its facilities, and (v) train its employees on the Code of Conduct. The Code of Conduct has been further strengthened with the addition of a compliance Attestation Form that each Contractor has to mandatorily submit by March 31st of each year starting in 2025-2026.

- **Inspections:** The TCI Group, through Contractors, continued to conduct pre-production and in-line quality assurance inspections of the manufacturers in its own organizations and supply chains. These inspections are carried out by Perfect Stitch in China – which also undertakes visual inspections of the employees on the Contractors' factory floors to identify any obvious Forced Labour violations – as well as by third parties in the other manufacturing countries who are, in many cases, designated by certain of the TCI Group's large retail customers.
- **Training:** Annual training sessions on the prohibition of using Forced Labour and on our updated Code of Conduct are also provided to relevant employees of the TCI Group starting in 2025.

3. Policies and Due Diligence Processes

3.1 Policies

The TCI Group has established policies and procedures to promote integrity and corporate responsibility in their activities and supply chains. These policies and our approach to addressing the risk of Forced Labour have been developed based on international labour and human rights standards, as well as best practices across the global business community. These policies establish the baseline expectations the TCI Group has for its Contractors and relevant employees.

The TCI Group's Code of Conduct sets out the minimum ethical and legal standards that its Contractors must meet to conduct business with the TCI Group. Contractors are required to communicate a copy of the Code of Conduct to their management, as well as all employees and agents involved in each stage of supply and production of the TCI Group Products.

In addition to prohibiting the use of forced and child labour as defined by local labour law, our Code of Conduct prohibits Contractors from: (a) employing workers under the age of 14; (b) using corporal punishment and other abusive and coercive discipline; and (c) engaging in bribery and other corruptive practises.

The TCI Group also reserves the right to monitor and inspect a Contractor's facilities to ensure compliance with the Code of Conduct. The TCI Group's quality assurance provider in China, Perfect Stitch, conducts a visual inspection on the floor of the Contractor's facilities to see if there are any obvious violations of the prohibitions against using forced or child labour. In the event of non-compliance, the TCI Group is entitled to: (a) cancel a purchase order; (b) return or revoke

acceptance of affected goods; (c) require Contractors to implement a corrective action plan; or (d) terminate its business relationship with that Contractor.

3.2 Supply Chain Due Diligence

The TCI Group has implemented the following further due diligence processes and policies with respect to its Contractors who are required to:

- Implement, and update as necessary, their own supply chain management systems to ensure ethical and responsible business conduct.
- Develop processes for identifying, addressing and prohibiting the use of Forced Labour with respect to the TCI Group's goods, activities and supply chains. This includes both pre-production and in-line inspections of manufacturing facilities by Perfect Stitch in China, and by third party inspectors in other manufacturing countries (many times designated by the TCI Group's larger retail customers). All inspections are to be documented.
- Starting in 2025-2026 (i.e., attested to by each March 31st starting in 2026), train their employees on the Code of Conduct and attest to its compliance without the need for any request by the TCI Group. This encourages accountability on the part of the TCI Group's Contractors.
- Submit to monitoring and/or auditing in the event Forced Labour practices are suspected.

Furthermore, starting in 2025, the TCI Group implements annual awareness-training on Forced Labour and the Code of Conduct for its relevant employees - consisting of its internal production and logistics departments.

4. Forced Labour Risks

The TCI Group recognizes that some elements of its global supply chain and the industries in which it operates may present a risk of Forced Labour. In particular, its main tier 1 and tier 2 apparel Contractors are located predominantly in Asian countries that are recognized by the [Global Slavery Index](#) to present moderate risks of Forced Labour.

Since 2023, the TCI Group has implemented measures to enhance its assessment of Forced Labour risks including supply chain mapping, adding new and strengthened due diligence practises and policies, requiring training, and accountability of its Contractors through annual self-attestations, monitoring and auditing mechanisms for new and current Contractors (as detailed above).

Perfect Stitch, the TCI Group's quality assurance affiliate in China, has implemented the following measures to identify, assess and manage the risks of

Forced Labour within its own operations. Starting in 2025, Perfect Stitch will implement comparable anti-Forced Labour measures to the TCI Group, including adopting and implementing the TCI Group's strengthened Code of Conduct. While performing its quality assurance services in China for the TCI Group, Perfect Stitch also conducts visual inspections of Chinese Contractors' factory floors to help identify any obvious instances of forced or child labour being used by these Contractors. Third party inspectors, many hired by the TCI Group's larger retail customers, perform these functions in manufacturing countries outside of China. To date, the TCI Group has not been made aware of any use of Forced Labour by the Contractors.

5. Remediation Measures

For the financial year ending December 31, 2024, the TCI Group and Perfect Stitch have not been made aware of any use of Forced Labour within their respective workplaces or supply chains. There has therefore been no specific need to remediate any adverse impacts of Forced Labour or its effects on the income of vulnerable families.

Should the TCI Group or Perfect Stitch identify future incidents of Forced Labour in its supply chains, it will determine the appropriate remediation strategies in line with industry best practices.

6. Training

The TCI Group believes strongly that training is important for raising awareness and building capabilities to mitigate Forced Labour risks and appropriately escalate concerns. Annual training is provided on its Code of Conduct, which not only sets out enhanced minimum standards and measures, but serves as a concrete values- and educational tool for relevant employees and Contractors. Furthermore, the TCI Group's internal human resources and compliance policies are resources for Perfect Stitch, its quality assurance affiliate in China, to help it carry out its mandate. Any material updates or changes to the TCI Group's policies are/would be followed up by additional training.

As part of this training, all employees working in the TCI Group's production and logistics departments (most notably involved in the TCI Group's supply chain activities), are required to comply with the TCI's Group's Code of Conduct to prevent and address Forced Labour risks.

Starting in 2025 the employees of the TCI Group and Perfect Stitch will continue to be provided with annual training on the Code of Conduct to ensure consistency and adherence to the TCI Group's values and minimum standards against Forced Labour. A key goal is to ensure that Perfect Stitch's employees are equally informed and equipped to handle the specific challenges and responsibilities that

come with their roles, particularly in relation to mitigating risks associated with Forced Labour in Perfect Stitch's scope.

7. Assessing effectiveness

As detailed above, the TCI Group has a number of measures in place to prevent and reduce the risk that Forced Labour is used in its activities and supply chains.

Since 2024, the TCI Group has periodically reviewed the effectiveness of the measures in place to mitigate the risks of Forced Labour in its business and supply chains, as well as those implemented by its Chinese quality-assurance affiliate, Perfect Stitch. The TCI Group is committed to ongoing review and alignment with industry best practices of its processes and policies to reduce the risks of Forced Labour, including via a new communication process for receiving attestation forms from Contractors, which aims to increase their own accountability.

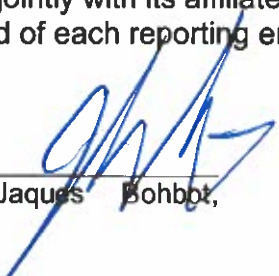
8. Approval

This Report was approved by the board of directors ("**Board**") of Thread Collective Inc. as the preparer of this Report, as well as by each respective Board of its affiliates, Stormpack Leisurewear Inc., Imperial Apparel Group Inc., and 9167200 Canada Inc. dba Kanuk, who are covered by this joint report.

In accordance with the requirements of the Act and, in particular, section 11 thereof, the undersigned attests that I have reviewed the information contained in the Report for the entities listed above. Based on my knowledge, and having exercised reasonable diligence, the undersigned attests that the information in this Report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

[Signature Follows.]

I have the authority to bind Thread Collective Inc. as the lead reporting entity, reporting on its own behalf and jointly with its affiliated entities listed above. This Report has been approved by the Board of each reporting entity.


Name and Title: Jacques Bohbot,
Secretary

For:
Thread Collective Inc.
Imperial Apparel Group Inc.
Stormpack Leisurewear Inc.
9167200 Canada Inc. dba Kanuk