

TORLYS

we make flooring better



TORLYS Inc.

***Fighting Against Forced
Labour and Child Labour in
Supply Chains Act Report***

For the fiscal year ending December 31, 2023

TORLYS BN:12092 3941

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1. Introduction

The Fighting Against Forced Labour and Child Labour in Supply Chains Act (the “Act”) requires that entities state actions they have taken during the fiscal year to prevent and reduce the risk of forced labour or child labour within their operations and supply chain. This is the report for TORLYS Inc. (TORLYS), which has an obligation to publish a report under the Act. This report refers to the 2023 fiscal year that ended December 31, 2023, for TORLYS and outlines steps taken in 2023.

At the core of TORLYS ethos is the principle of respect. Grounded in a commitment to people and perpetual improvement, we acknowledge our duty to safeguard the human rights of all individuals associated with our business, including our employees, migrant and temporary workers, and those within our expansive supply chain network.

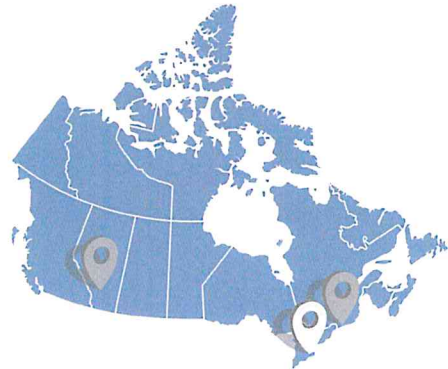
TORLYS remains steadfast in its dedication to preventing and mitigating the risk of forced and child labour across its direct and indirect facilities, as well as those of our suppliers worldwide. We hold our partners and suppliers, along with their contractors, agents, and labour agencies, to the same high standards, expecting compliance with all relevant human rights and employment laws.

2. Structure, Activities and Governance, & Supply Chain

Structure

Founded in 1988, TORLYS is a 36-year-old privately held company headquartered in Mississauga, Ontario. The company also has a warehouse in Calgary, Alberta and an office in Montreal, Quebec. TORLYS operates in the construction and building materials sectors, more specifically, in the flooring industry.

The company's headquarters is situated at 1900 Derry Rd E, Mississauga, ON, Canada, L5S 1Y6. The other locations referenced above are located at 1845 104 Ave NE Unit 171, Calgary, AB, Canada, T3J OR2 and at 3693 Avenue des Grandes Tourelles, Boisbriand, Québec, Canada, J7H 0E2, respectively.



Activities and Governance

TORLYS' purpose - “We make flooring better” focuses on quality floor covering solutions and our impact on people and the planet. TORLYS develops and sources laminate, wood, vinyl, cork, leather flooring, and related accessories from partners in Canada, the United States, Europe (i.e., Germany, Belgium, and Portugal), China, Indonesia, and Vietnam. TORLYS sells to flooring retailers, distributors, and builder/commercial contractors across Canada, the United States and New Zealand.

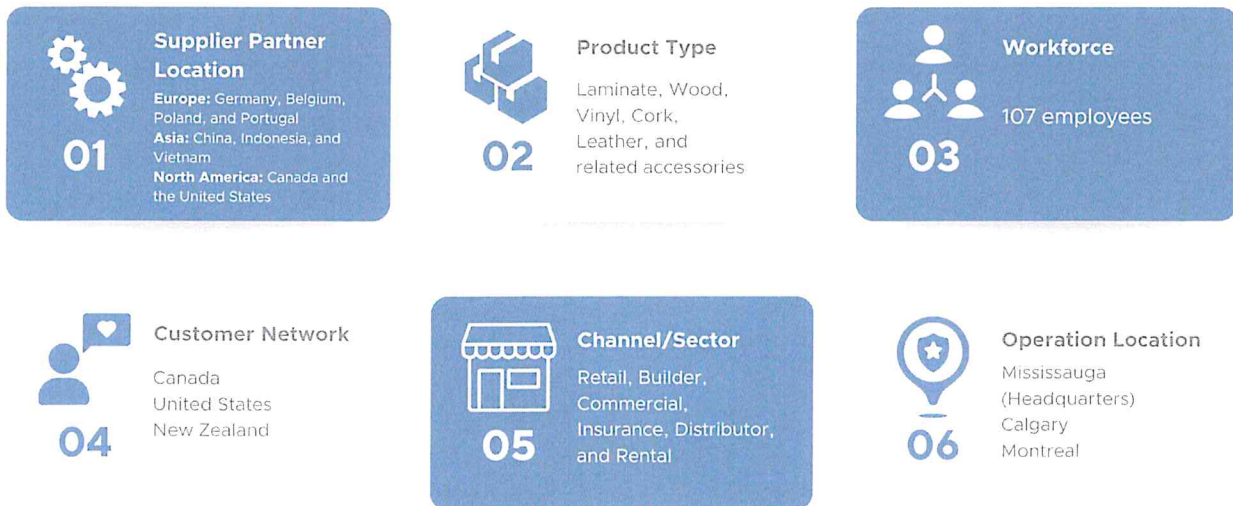
Governance

All suppliers in our supply chain are selected under the oversight of the President & CEO, who is also a member of the TORLYS Board of Directors. Enterprise risk and compliance oversight are provided by the Executive Leadership Team as well as the Board of Directors. The TORLYS audit committee is in place to safeguard the integrity of our financial statements.

Supply Chain

TORLYS sources privately labelled and licensed branded products globally. TORLYS President & CEO, along with our Product Innovation and Operations teams, work closely with suppliers to develop and manufacture products for the TORLYS brands. In 2023, TORLYS was the importer of record for laminate, wood, vinyl, cork, leather, and related accessories sourced from nine countries and approximately 32 suppliers located in Europe, Asia, and North America. TORLYS also procured goods and services to support its operations. These included insurance, travel, office rent, utilities, telephone, professional services, information technology (IT) services, IT hardware, software licenses, training, maintenance, repair and operations, and corporate merchandise. Table 1 provides a high-level summary of the operation and supply chain.

Table 1: Summary of the Operation and Supply Chain



3. Measures Taken to Prevent and Reduce the Risk of Forced Labour or Child Labour

In 2023, the company implemented the following measures to prevent and reduce the risk of forced or child labour being used in the production of any goods that we import into Canada or anywhere the company operates. The report outlines our actions to embed responsible business practices and conduct.

Governance and Training

(a) In 2023, TORLYS required at-risk suppliers to sign and submit a declaration confirming that no forced labour was used to assist in the manufacturing, production, creation, harvesting, or mining of any products. Additionally, suppliers declared that they do not use raw materials from high-risk regions (e.g., Xingjiang Uyghur Autonomous Region) for their production. At-risk suppliers were notified that TORLYS would not accept any goods made by or included materials produced using forced or child labour.

(b) TORLYS updated supplier relations agreements to include regulatory and legal compliance. The requirements specifically mandate compliance with all applicable Canadian and United States regulatory requirements, including the Uyghur Forced Labour Prevention Act (UFLPA). This agreement was used to onboard new suppliers.

(c) TORLYS enacted a policy to make official its compliance with the Forest Stewardship Council (FSC) core labour requirements. TORLYS follows the Human Rights Code, Employment Standards, Labour Relations, and Health and Safety legislation in each province where individuals are employed.

Audits

(d) TORLYS completed an annual assessment of TORLYS compliance with FSC core labour requirements. The FSC requirements include forced and child labour, discrimination in employment and occupation, and freedom of association and the right to collective bargaining. The assessment did not reveal any risks.

(e) TORLYS participated in a review of the floor-covering sector as a member of the Resilient Floorcovering Institute. TORLYS participation involved completing a questionnaire regarding the company's supply chain and exposure to products produced using forced labour in the Xingjiang Uyghur Autonomous Region (XUAR). The review of the sector identified potential risks associated with sourcing Chinese PVC a key ingredient in vinyl production. The audit led to the prioritization of the actions noted in the governance section point 3(b).

Monitoring

(f) TORLYS is committed to continually monitoring, communicating, and reviewing policies and procedures that are aimed at preventing any form of forced and child labour. TORLYS completed a full evaluation of its PVC products sourced from Asia operation and our supply chain. All potential risks have been identified to the best of our knowledge and will remain vigilant towards identifying any risks that may emerge.

4. Company Policies and Due Diligence Processes in Relation to Forced and Child Labour

TORLYS strives to uphold the rights of individuals associated with our business, including our employees, temporary workers, and those within our expansive supply chain network. TORLYS' commitment to protecting human rights stems from the deep-rooted values of respect and the commitment to conduct ourselves ethically and honestly. That is the promise TORLYS makes to customers, suppliers, and society at large.

TORLYS practices are informed by local human rights laws, employment standards, labour relations, health and safety legislation in each province TORLYS employees individuals in addition to human rights laws everyone TORLYS transacts and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work.

5. Risk of Forced or Child Labour Being Used and the Steps to Assess and Manage that Risk

At TORLYS, we are aware that our global supply chain and the industry in which we operate present a risk of forced or child labour. As such, TORLYS conducted an internal assessment of the risks of forced and child labour within the organization's activities and supply chain. TORLYS conducted a geographic risk assessment of its supply chain and identified three Asian manufacturing partners as at risk for the inclusion of products or components made using forced or child labour.

To identify and reduce the risk of forced and child labour within its supply chain, TORLYS follows a multi-step process represented in Figure 1 below.

Figure 1: Multi-Step Process to Identify and Reduce the Risk of Forced and Child Labour



Additionally, TORLYS participated in a review of the floor-covering sector as a member of the Resilient Floorcovering Institute. TORLYS participation involved completing a questionnaire regarding the company's supply chain and exposure to products produced using forced labour in the Xingjiang Uyghur Autonomous Region (XUAR). The review of the sector identified potential risks associated with sourcing Chinese PVC, a key ingredient in vinyl production. The audit led to the prioritization of the actions noted in the governance section point 3(b).

6. Remediation Measures

TORLYS' internal review of its activities and supply chain did not reveal any instances of forced or child labour being used in the production of its goods or of materials used in the production of goods. Therefore, no remediation measures have been implemented. TORLYS will continue to focus on assessing, monitoring, and reviewing to ensure the continued integrity of its operations.

7. Remediation Measures for Loss of Income

TORLYS did not take any corrective actions, as discussed in section 6. TORLYS is not aware of losses of income to vulnerable families resulting from remediation measures to eliminate forced or child labour from its supply chain.

8. Training

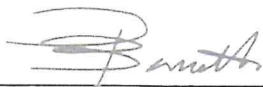
TORLYS includes Ministry of Labour and Employment Standards training materials with new employee onboarding packages.

9. Assessing Effectiveness

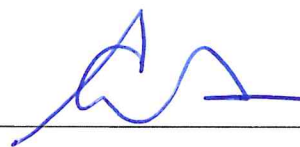
In 2023, TORLYS governance and measures taken with at-risk suppliers to reduce the risk of forced and child labour outlined in sections 3 (a) and (b) were monitored for any breaches. TORLYS is not aware of any breaches, nor were any of the suppliers subject to United States or Canada Customs enforcement actions.

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



Peter M. Barretto
President & CEO
TORLYS Inc.
Date
I have authority to bind TORLYS Inc.



Anibal Claudino
Chairman
TORLYS Inc.
Date
I have authority to bind TORLYS Inc.