



YM GROUP

The Fighting Against Forced Labour
and Child Labour in Supply Chains Act

Annual Disclosure Report

Fiscal Year 2023

Introduction

The Fighting Against Forced Labour and Child Labour in Supply Chains Act (the “Act”) requires that businesses 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 a joint report for YM Inc. (Sales), Thriftys Inc. (2005), and Suzy’s Inc. and their subsidiaries (collectively, “YM” or “Companies”), which have an obligation to publish a report under the Act. This report relates to the 2023 fiscal year ending October 28, 2023 for YM Inc. (Sales), January 27, 2023 for Thriftys Inc. (2005), and June 3, 2023 for Suzy’s Inc.

At YM, we recognize that there is a risk of forced labour and child labour (also referred to as modern slavery) within our supply chain and acknowledge that understanding and managing these risks requires a collaborative approach with our suppliers, our workforce, and other external stakeholders. This report outlines YM’s governance processes, current measures, and progress made in the 2023 fiscal year to prevent and reduce the risks of modern slavery across our supply chain.

Our customers trust that the products we sell in our stores or online come from suppliers that provide safe, fair, and ethical working conditions for workers; this expectation is clearly addressed in our Supplier Code of Conduct. We expect our suppliers (as well as their contractors, agents, subcontractors, sub-agents and labour agencies) to uphold these same principles within their operations and adhere to applicable human rights and employment law standards.

Measures to prevent and reduce the risk of forced labour or child labour

In our ongoing efforts to combat forced or child labour within our operations and supply chains, we have a range of measures aimed at prevention and risk reduction:

- 1. Supplier Code of Conduct:** In 2023, we reviewed and updated our Supplier Code of Conduct that details our expectations regarding labour practices, including the prohibition of forced labour or child labour. All suppliers are required to adhere to these standards and must provide a sign-off to indicate their understanding and compliance.
- 2. Supplier Self-Assessment Questionnaire:** All suppliers are required to complete a self-assessment questionnaire covering Health and Safety, Forced Labour or Child Labour Protections, Working Hours, Wages and Benefits, Audit History, etc. These questionnaires are reviewed by a third-party company and suppliers found to be non-compliant face corrective action and re-assessment prior to orders being placed.
- 3. Audits and Inspections:** Regular audits and inspections are conducted to verify compliance with our Supplier Code of Conduct and to substantiate the responses of the Supplier Self-Assessment Questionnaire. These assessments are conducted by a third-party company. Any instances of non-compliance are reported to management and, until the issues are resolved to our satisfaction, no orders are placed with the supplier.
- 4. Sedex Platform:** We have entered into a partnership with Sedex, a leading global platform for sharing responsible sourcing data and managing ethical and social compliance in the supply chain. Through Sedex, we collaborate with suppliers to assess and improve labour standards, driving transparency and accountability throughout the supply chain.

5. **Supply Chain Transparency:** We promote transparency throughout our supply chain, fostering open communication and collaboration with suppliers through regular communication and meetings. This allows us to identify and address potential risks of forced labour or child labour at an early stage. We have also fostered long-term relationships with many of our major suppliers which promotes open dialogue on any potential issues or concerns that may arise.

6. **Continuous Improvement:** We are committed to continuously improving our efforts to prevent and reduce the risk of forced labour or child labour. This includes regularly reviewing and updating our policies, procedures, and initiatives to stay aligned with evolving industry standards and best practices.

By implementing these measures, we aim to create a supply chain that is free from forced labour or child labour, ensuring the ethical sourcing of products and promoting the well-being of workers worldwide.

Structure, activities, and supply chain

Structure

YM is a collection of Canadian private companies dating back to 1975 with registered offices at 50 Dufflaw Road, Toronto, Ontario, Canada, M6A 2W1. The Companies operate under common control and YM Inc. (Sales) provides administrative back-office support for all companies.

Activities

YM is a leading Canadian fashion retailer with over 500 stores across Canada. Our portfolio of brands caters to various demographics and style preferences, ensuring there's something for everyone. Our brands include some of the most iconic fast fashion outlets in Canada and our primary brands are: Aéropostale, Amnesia, Bluenotes, Forever 21, Le Château, Sirens, Stitches, Suzy Shier, Thriftys, Urban Behavior, Urban Kids, Urban Planet, and West 49.

YM operates an extensive network of retail stores across Canada. We strategically position our locations in malls, shopping centers, and high-traffic areas to provide our customers with local access. Additionally, our e-commerce platforms provide customers with the flexibility of online shopping to provide additional convenience but also to assist in serving areas where retail stores are limited.

Supply Chain

YM is committed to offering on-trend fashion at accessible price points without compromising on quality. We continually monitor the latest trends and consumer preferences to provide a diverse selection of fashionable clothing and accessories. To meet these objectives, YM sources its products from a wide range of global vendors with an emphasis on Asia. YM's product development teams work closely with third-party suppliers to develop new merchandise and bring it to the Canadian market in a cost effective manner.

As a responsible retailer, we prioritize corporate social responsibility initiatives, including ethical sourcing practices, environmental sustainability, and community engagement.

Looking ahead, we remain focused on expansion and growth opportunities both domestically and internationally. Our commitment to innovation, customer-centric strategies, and brand development

positions us for continued success in the ever-evolving retail landscape. With our dedication to fashion, value, and corporate responsibility, we strive to be a formidable player in the retail industry.

Governance

YM operates under a well-defined governance structure across all its businesses. Responsibility for the Companies commitment to social responsibility, ethical practices, including the prevention and reduction of risk of forced labour and child labour rests with the Chief Executive Officer of YM Inc. (Sales).

Policies and its due diligence processes in relation to forced labour and child labour

YM maintains a zero-tolerance policy towards forced labour and child labour in addition to ensuring we uphold fundamental human rights for our employees, customers, partners and any workers in our supply chain. We monitor this through a series of controls and processes aimed at ensuring compliance.

Our Supplier Code of Conduct explicitly bans forced labour and child labour. Suppliers must adhere to this code as a prerequisite for doing business with us. We require a current sign-off from any supplier before we commence work to ensure all workers are of legal working age and engaged in work voluntarily.

In addition, before engaging with new suppliers, we conduct rigorous due diligence to evaluate their labour practices through the use of a self-assessment questionnaire. This involves reviewing their policies and procedures related to forced labour and child labour and verifying compliance with our Supplier Code of Conduct.

We regularly audit and assess our suppliers to gauge compliance with our labour standards. These assessments may entail on-site visits, worker interviews, and document reviews to verify the absence of forced labour and child labour in the supply chain.

YM implements robust monitoring and reporting mechanisms to track compliance with our labour standards. This involves ongoing monitoring of supplier performance, regular reporting on key indicators related to forced labour and child labour, and swift action in cases of non-compliance.

Through these policies and due diligence processes, we reaffirm our commitment to ethical sourcing practices and ensure that forced labour and child labour are not tolerated in our operations or supply chain.

Risks of forced labour or child labour being used and the steps it has taken to assess and manage that risk

At YM, we recognize the inherent risks associated with forced labour and child labour within our supply chain, and we are committed to addressing these risks effectively. To assess and manage these risks, we have implemented several proactive measures. Our proactive approach includes comprehensive risk assessments, rigorous supplier due diligence, and the establishment of a Supplier Code of Conduct that explicitly prohibits forced labour and child labour. We conduct regular audits and monitoring of our suppliers and provide training and capacity-building initiatives to empower them to uphold ethical sourcing practices. Leveraging Sedex, a leading global platform for responsible sourcing, we collaborate with

suppliers to improve labour standards and drive transparency throughout the supply chain. Additionally, we engage in collaborative efforts with industry peers and experts to share best practices and address common challenges. Through these measures, we strive to mitigate the risks of forced labour and child labour, ensuring that our products are sourced responsibly and ethically.

Measures taken to remediate any forced labour or child labour

YM is committed to addressing any instances of forced labour or child labour within our operations or supply chain. Upon identification of such issues, we immediately initiate thorough investigations to understand the scope and severity of the problem. Subsequently, we develop comprehensive remediation plans to address root causes and prevent recurrence. This involves close collaboration with suppliers, worker support services, and transparent communication with stakeholders. Additionally, we implement preventive measures to strengthen our systems and minimize future risks. Through these efforts, we uphold our commitment to ethical sourcing practices and prioritize the well-being of all workers in our supply chain.

Measures taken to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in its activities and supply chains

In the previous fiscal year, we did not encounter any instances of forced labour or child labour within our operations or supply chain. Consequently, no remedial actions were required in this regard. Should any incidents of forced labour be identified in our operations or supply chains in the future, we will carefully assess and address them in alignment with international standards for remediation.

Training provided to employees on forced labour and child labour

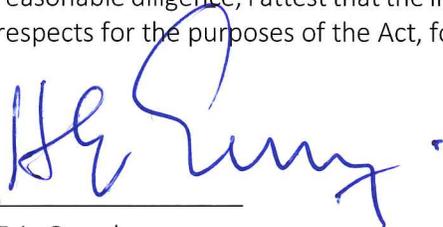
At YM, we recognize the critical importance of raising awareness about forced labour and child labour issues. As part of our ongoing commitment to ethical sourcing practices, we have designated this year as our 'Year of Awareness' regarding these pressing issues. We are keen to implement comprehensive training programs aimed at educating our employees about the signs, risks, and consequences of forced labour and child labour. Through these initiatives, we aim to empower our staff with the knowledge and tools needed to identify, report, and address any instances of exploitation within our operations and supply chains. By fostering a culture of awareness and accountability, we reaffirm our dedication to upholding the highest standards of ethical conduct and social responsibility. We look forward to the positive impact these efforts will have on promoting ethical sourcing practices and safeguarding the rights and well-being of workers worldwide.

Assessment of Efficiency and Continuous Improvement

We continue to assess the effectiveness of our policies and procedures to mitigate the risk of forced labour or child labour in both our operations and supply chains.

Approval and Attestation

The Report was approved pursuant to subparagraph 11(4)(b)(ii) of the Act by the Board of Directors of YM Inc. (Sales), Thriftys Inc. (2005), and Suzy's Inc. for the financial year of 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.



Eric Grundy

Chief Executive Officer

May 30th, 2024

I have authority to bind YM Inc. (Sales), Thriftys Inc. (2005), and Suzy's Inc