



FIGHTING AGAINST FORCED LABOUR AND CHILD LABOUR IN SUPPLY CHAINS ACT REPORT

Retail Year 2024

Financial Year Feb 4th 2024 - Feb 1st, 2025

ABOUT THIS REPORT

This Report is made pursuant to the Canadian Fighting Against Forced Labour and Child Labour in Supply Chains Act (the “Act”) for the following entity Grafton Apparel Ltd (“**Grafton Apparel**” or “**Grafton**” or the “**Corporation**” or “**our**” or “**we**”) for the financial year ended February 1st, 2025 (the “Reporting Period”).

This Report constitutes the second report prepared by the Corporation pursuant to Canada’s new Fighting Against Forced Labour and Child Labour in Supply Chains Act (the “Act”).

OUR BUSINESS AND STRUCTURE

Grafton Apparel Ltd is a Canadian-owned corporation that manages a portfolio of menswear retailers, including Tip Top, George Richards Big & Tall, and Mr. Big & Tall. Collectively, these brands operate 129 stores and 3 e-commerce websites across Canada. The company offers customers a curated selection of men’s apparel and accessories sourced from global and local partner brands, complemented by a range of proprietary labels.

The Corporation’s head office is located at 115 Applewood Crescent, Vaughan Ontario, Canada L4K 5C1. The organization is structured with departments categorized by their respective functions. This includes 104 head office employees, 13 distribution center staff, 36 members in the Ecommerce fulfillment team, and a workforce of over 1110 employees in retail stores across Canada.

ACTIVITES AND SUPPLY CHAINS

Grafton Apparel's business needs consist of the procurement of stock and non-stock goods, as well as services related to its retail business of selling men's apparel. In the reporting period, Grafton had over 300 direct suppliers¹, 48 of which provide stock goods for sale.

The following table represents the main goods and services that Grafton Apparel uses in the context of its operations and how they are categorized:

CATEGORY	DESCRIPTION
Apparel and Accessories	Stock goods for sale in both retail and eCommerce channels.
IT Services	Infrastructure, networks, communications, software support, and all outsourced IT services.
Marketing	Communications, marketing and advertising agencies, photography, analytics, non-stock goods for stores and events
Corporate & Retail Resources	Goods and services intended for staff (ex: office supplies) Store renovations, repairs, utilities, leases, etc.
Transportation	Couriers, Logistics, Transport Companies
Other Professional Services	Audits, legal, consulting services, recruiters, etc.

¹ Suppliers with transactions totaling less than \$10,000 are classified as "one-time use" vendors and are not considered in the information provided.

Most categories are considered low risk, mainly because they consist of service providers located in North America. However, Apparel and Accessories pose a higher risk due to manufacturing in high-risk countries. Grafton Apparel has categorized these at-risk stock suppliers as follows:

Tier	Definition	Example	Status
Tier 1	Main production sites, Service Partners, Wholesalers	Factory which cuts, sews, finishes Grafton Apparel brands product and ships to Grafton Apparel, domestic wholesale suppliers	MAPPED
Tier 2	Factories Who Supply a Tier 1 Partner (indirect supplier service to Tier 1)	Factory which cuts, sews, finishes product and ships to domestic wholesaler who sells to Grafton Apparel	MAPPED
Tier 3	Fabric and components (indirect supplier service to Tier 1/2)	Fabric mills, tanneries, hardware and trims, packaging	NOT MAPPED
Tier 4	Raw materials (indirect supplier – service to Tier 3)	Textile fibres, natural and manmade materials	NOT MAPPED

Most of Grafton Apparel’s Tier 1 suppliers are based in North America, while Tier 2 suppliers—who support these partners—are in higher-risk regions such as Bangladesh, Cambodia, Taiwan, Pakistan, and China. To strengthen transparency and promote responsible sourcing, we have completed mapping of all Tier 1 and Tier 2 suppliers for our private label production. Although Tier 3 and Tier 4 suppliers—such as fabric mills, tanneries, and raw material sources—have not yet been mapped due to the complexity of global supply chains, Grafton remains committed to expanding visibility and is actively exploring ways to extend traceability further.

Goods for Resale – Grafton Owned Brands

Products from Grafton-owned brands are designed in-house and manufactured by a network of third-party supplier factories, both domestic and international. These products are sold across Canada through ecommerce platforms and retail stores.

All suppliers involved in private development are required to complete a formal factory registration process and comply with Grafton’s social compliance and ethical sourcing requirements, as detailed in the *Policies and Due Diligence* section. In 2024, 45 factories across five countries were formally registered. This initiative supports our broader due diligence framework and contributes to enhanced visibility across our global supply chain.

Goods for Resale – Partner Brands

With a third-party portfolio encompassing 30 brands, constituting approximately 22% of Grafton Apparel's total purchases, our brand office team collaborates seamlessly with the merchant teams. Together, they supervise our branded programs, ensuring alignment between our brand partners and Grafton Apparel's expectations and operational standards. Over the past year, Grafton Apparel worked closely with all Partner Brands to review and assess their policies, ensuring they meet or exceed Grafton’s standards. The review also focused on evaluating the controls these brands have in place to address the risks of child and forced labor within their supply chains.

POLICIES AND DUE DILIGENCE

Direct Overseas Suppliers

All private label development suppliers are required to complete a factory registration process, disclosing key information such as facility ownership, location, and any applicable social compliance certifications. They must also sign Grafton’s updated Supplier Code of Conduct, which includes clear expectations related to forced and child labour, remediation procedures, and general ethical sourcing principles.

Registered factories are required to submit valid third-party social compliance audit reports annually. Accepted audit frameworks include Better Work, SMETA, BSCI, and WRAP, which are the most widely recognized frameworks internationally. These reports, along with signed

compliance documentation, are reviewed and tracked by the Sourcing and Product Development Director to confirm active adherence to Grafton's standards.

Participation in one or more of the above frameworks is a condition of doing business with Grafton's overseas private development suppliers. These programs support continuous improvement and reflect our commitment to transparency and accountability in global sourcing.

Who is Better Work?

Better Work, a collaborative program between the International Labour Organization (ILO) and the International Finance Corporation (IFC), focuses on improving working conditions within the global garment and textile industry. Through a comprehensive approach, Better Work conducts assessments of factories, evaluating compliance with labor standards and local regulations. The program offers advisory services and training to address non-compliance issues and enhance the capacity of both management and workers. Better Work's commitment to transparency ensures that assessment results are shared with stakeholders, promoting accountability and continuous improvement.

Who is SMETA?

SMETA, or SEDEX Members Ethical Trade Audit, serves as a valuable audit methodology for Grafton Apparel. It is designed to assess ethical and responsible business practices, covering labor standards, health and safety, environmental impact, and business ethics. Through conducting SMETA audits, Grafton Apparel aims to verify and enhance the ethical and social responsibility aspects of its supply chain. The audit process promotes transparency, accountability, and sustainable sourcing practices, aligning with the company's commitment to responsible business conduct.

What is WRAP compliance?

WRAP Compliance, or Worldwide Responsible Accredited Production, is a global certification program promoting ethical manufacturing through comprehensive audits based on 12 principles. Ensuring accountability and transparency, WRAP has certified over 3,500 facilities globally with 3.25 million workers, conducting annual reviews to alleviate audit fatigue for brands. The program's impact includes training initiatives and educating social compliance auditors. WRAP's thought leadership actively contributes to discussions on evolving responsible sourcing trends, solidifying its role as a key player in advancing social compliance standards.

What is BSCI?

The Business Social Compliance Initiative (BSCI), developed by Amfori, is a supply chain monitoring system designed to improve working conditions through alignment with international labor standards, including ILO conventions and the UN Guiding Principles on Business and Human Rights. BSCI offers companies a framework for conducting social audits, building capacity, and engaging stakeholders to promote ethical sourcing and continuous improvement across global supply chains.

FORCED LABOUR AND CHILD LABOUR RISKS

Risk Assessment

a. Business Operations

We believe that the risk of forced labour or child labour among our personnel and third-party services suppliers is negligible. Our recruiting processes ensure compliance with the standards currently in force in Canada. Grafton Apparel does not own or operate any workforce or entities outside of Canada.

b. Within our Supply Chains

Grafton continues to recognize the potential for forced and child labour risks within the global apparel supply chain. In 2024, we expanded our risk assessment framework by mapping and evaluating Tier 1 and Tier 2 suppliers associated with our owned brands. This process was supported by factory registration data, supplier audit submissions, and the review of current social compliance documentation. Regional risk factors—such as those present in Bangladesh, Cambodia, Pakistan, Taiwan and China—were considered as part of the overall assessment, enabling a more informed understanding of supplier practices and risk exposure across our sourcing base.

To assess and monitor labour practices, Grafton requires all registered factories to submit valid third-party social compliance audits from internationally recognized programs, as outlined in our *Policies and Due Diligence* section. These frameworks provide structured tools for evaluating working conditions and identifying potential risks related to forced or child labour. Audit reports are reviewed internally and form a key part of Grafton's supply chain due diligence strategy.

While oversight of lower-tier suppliers (Tier 3 and 4) remains limited due to the complexity of raw material sourcing, Grafton is committed to improving visibility further down the supply chain and continues to evaluate opportunities to expand risk assessment coverage.

Actions Taken

In 2024, Grafton Apparel took measurable steps to strengthen ethical oversight and deepen accountability within its supply chain. Following the completion of Tier 1 and Tier 2 mapping for owned-brand suppliers, a formalized registration process was fully implemented. All private development suppliers were required to disclose factory details and submit valid third-party audits from approved frameworks.

To support this effort, Grafton formalized a remediation policy and issued an updated Supplier Code of Conduct outlining expectations not only related to labour standards and corrective actions, but also ethical sourcing, responsible business conduct, and fair employment practices. The Code reinforces principles such as non-discrimination, legal compliance, and transparency, setting a clear standard for supplier accountability across core areas of human rights and ethical business operations. All suppliers were required to acknowledge and sign the Code as a condition of continued business.

Alongside these efforts, Grafton collaborated with all Partnered Brand Suppliers to review sourcing frameworks and confirm that their policies met or exceeded Grafton's expectations. These initiatives reflect Grafton's broader goal of building a transparent and responsible sourcing network.

Remediation Measures

Although no instances of forced or child labour were identified or reported during the reporting period, Grafton Apparel developed and implemented a formal remediation policy in 2024 to ensure readiness in the event such issues arise. This policy, communicated to all private label and import suppliers, outlines clear protocols for investigating allegations, addressing non-compliance, and taking corrective action. It reinforces supplier accountability and provides a consistent framework for response, supporting Grafton's broader commitment to ethical sourcing and human rights due diligence.

Training

All new office employees are assigned a mandatory onboarding training package, which includes training on our Code of Business Conduct. In 2024, Grafton Apparel partnered with WRAP to deliver a virtual training workshop on child and forced labour in global supply chains. The session was attended by all executive team members and employees with purchasing authority for private label or imported goods. The training provided an overview of international due diligence expectations, relevant legislation in key markets, and best practices for identifying and addressing risks related to forced and child labour.

ASSESSING OUR ACTIONS

Assessment of Effectiveness

Grafton Apparel continuously evaluates the strength and effectiveness of its compliance efforts. In the past year, improvements included formalizing supplier onboarding processes, verifying the timely submission of audits, and centralizing oversight of factory registration and documentation. These enhancements have allowed for more consistent application of compliance standards across Tier 1 and Tier 2 suppliers.

An annual review of all policies related to responsible sourcing, forced labour, and child labour is conducted to ensure alignment with evolving regulations, international best practices, and internal expectations. Updates are made as needed to reflect changes in risk exposure or legal requirements.

The introduction of a formal remediation policy and expanded Supplier Code of Conduct provides additional structure for responding to labour violations and reinforces expectations for ethical conduct across the supply chain.

To further support accountability, Grafton implemented a confidential grievance mechanism. Suppliers are required to post Grafton's reporting contact details in a visible location within each factory, in languages understood by employees. Reports can be submitted via Grafton's ethics hotline and will be treated confidentially and investigated thoroughly. Suppliers are also required to maintain their own internal grievance mechanisms that allow workers to report concerns without fear of retaliation.

ATTESTATION

This report was approved by the Board of Directors of Grafton Apparel Ltd. for the calendar year ended December 31, 2024, pursuant to paragraph 11(4)(a) of the Act.

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.

Shamsh Kassam

Secretary

May 15, 2025

DocuSigned by:
Shamsh Kassam
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I have authority to bind Grafton Apparel Ltd.