

HARRY ROSEN

# Report on Forced Labour

Fiscal 2024

### **Harry Rosen Inc. is a 71-year-old Canadian company based in Toronto that sells and distributes goods in Canada**

- **Legal Name:** Harry Rosen Inc.
- **Reporting for Year** - Fiscal 2024 (February 4th, 2024 – February 2<sup>nd</sup>, 2025)
- **Other Jurisdictions:** We are a fully Canadian company; our work sites are within Canada, and we have no reporting obligations in other jurisdictions
- **Entity Status:** Harry Rosen is a corporation with sales >\$40M annually, >\$20M in Assets, and >250 Associates. The organization both imports and purchases product domestically for re-sale and distribution across Canada.
- **Industry:** Retail
- **Head Office:** Toronto, Ontario

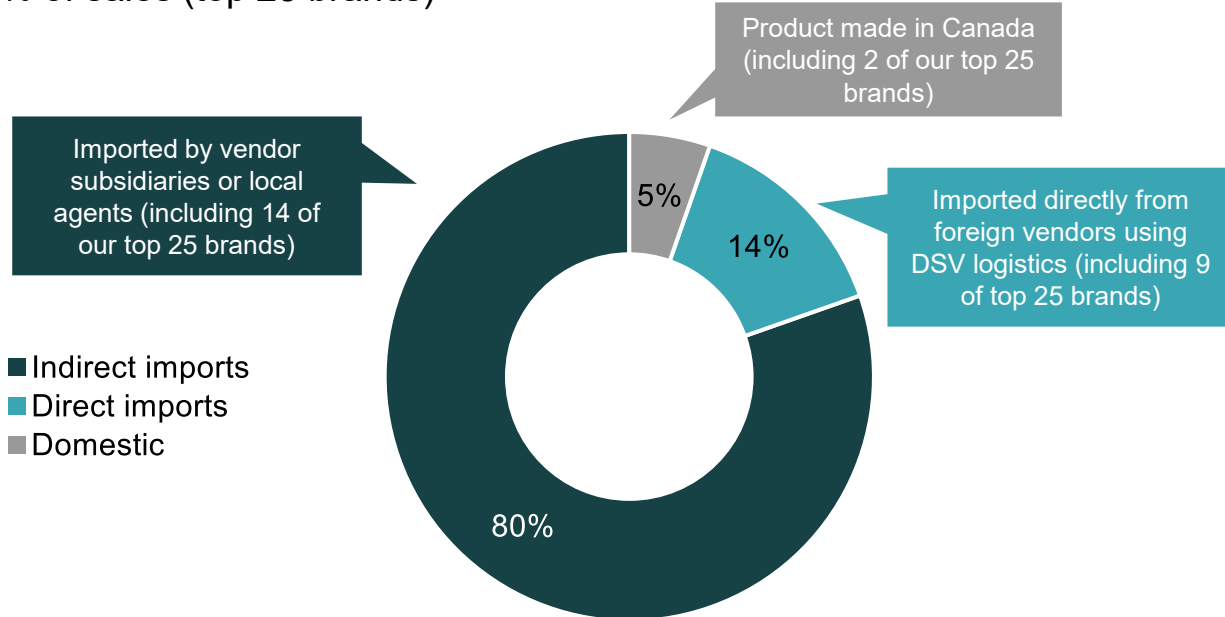
### **At Harry Rosen, we focus on quality rather than price, sourcing primarily from developed countries and partners with strong commitments to skilled labour**

- We sell high-end, luxury product at a price point that reflects the quality of the merchandise.
- We don't typically select suppliers that prioritize opportunities to reduce production costs at the expense of quality, by operating in lower cost/higher risk regions of the world.
- Instead, most of our suppliers and manufacturers operate from either North America or Europe (primarily out of Italy) – regions of the world that are governed by well enforced labour policies such as minimum wage and minimum age for employment.
- In fact, many of our most important suppliers (for example, Brunello Cucinelli and others) exceed prescribed standards to the point where they have made a commitment to providing a 'living wage' to the members of their production and manufacturing teams.
- As a result, most of our product comes from low-risk regions of the world where the likelihood that suppliers are relying on either child or forced labour in their production process is low
- In 2024, to further reduce risk in our supply chain, we introduced a new vendor contract that mandates suppliers comply with Canada's prohibition on forced labour

## The vast majority of both our direct and indirect imports come from developed markets in Europe, most notably Italy

### Breakdown of sales by import source

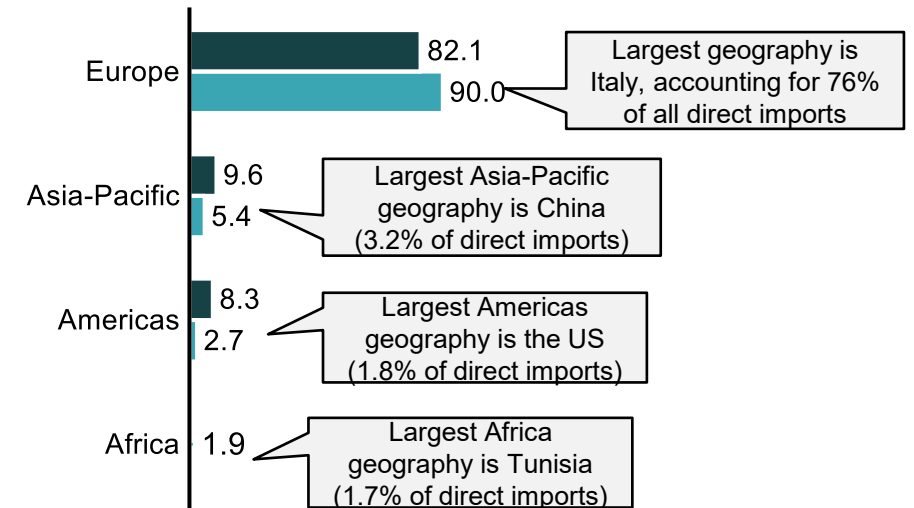
% of sales (top 25 brands)<sup>1</sup>



### Regional Breakdown

% of imports<sup>2</sup>

■ Indirect imports (sales) ■ Direct imports (value for duty)



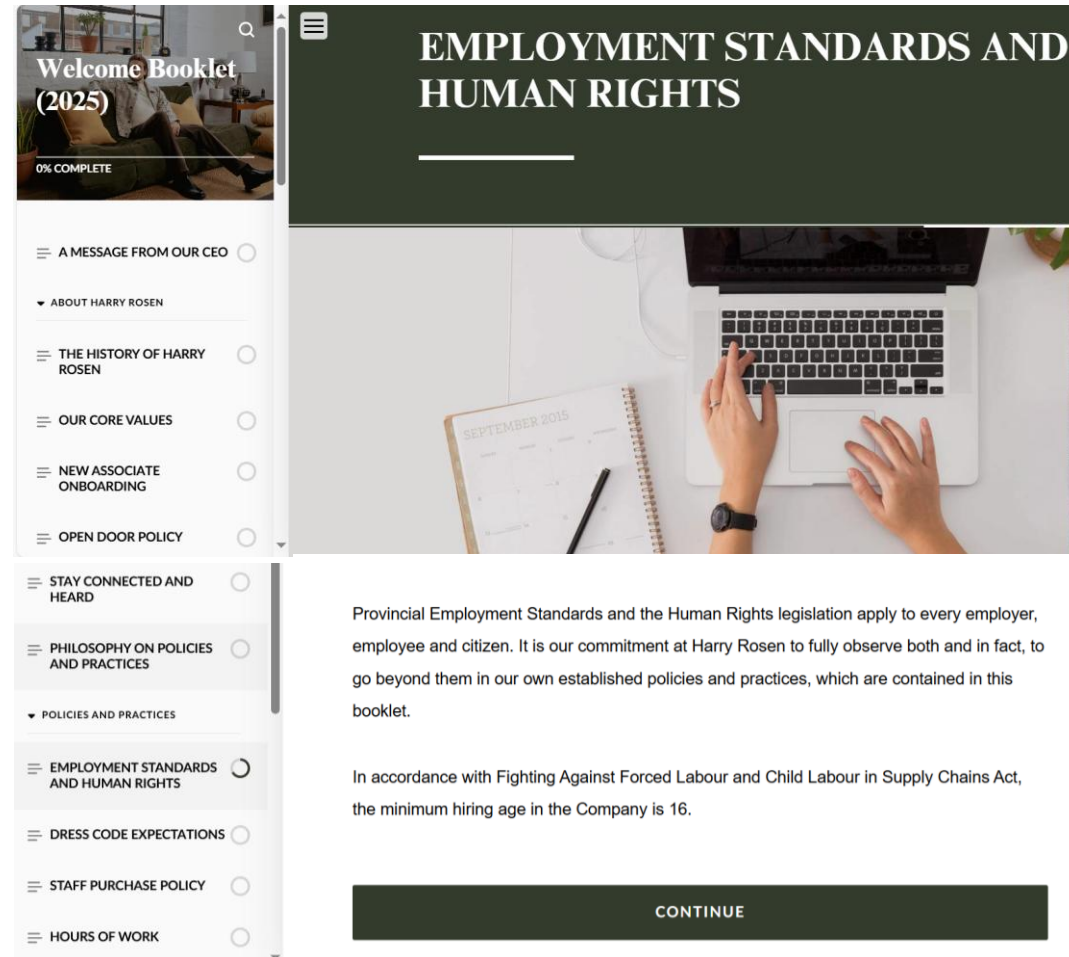
<sup>1</sup> Top 25 brands account for 73% of Harry Rosen Inc. sales in FY2024

<sup>2</sup> Direct import geography based on Country-of-Origin provided by DSV, Indirect imports geography based on location of Vendor

# H Policies and Due Diligence (Internal)

## In 2024, we formalized our internal policy of not hiring anyone at Harry Rosen under the age of 16

- Historically, we have had an informal policy of prohibiting the hiring of anyone under 16 to ensure there is no forced or child labour at Harry Rosen
- In 2024, we formalized that policy into our welcome booklet within our 'Employment Standards and Human Rights' section
- You can see details on this internal policy in the screenshots on the right portion of this slide



## H Policies and Due Diligence (External)

### In 2024, we revised to our vendor contract to explicitly require suppliers to comply with Canada's prohibition on forced labour

- Historically, instead of formal policies, we have focused on choosing suppliers who focus on maintaining high quality standards in both their product and work environments, including vendors like Brunello Cucinelli ([A fair working life | Brunello Cucinelli](#)) and Zegna ([Zegna Responsibility](#))
- In 2024, we integrated a formal policy prohibiting forced labour among our suppliers into our vendor contract. This will ensure they are committed to the highest labour standards and preventing forced labour in their supply chains.
- Since it's creation, all new vendors we have onboarded have signed this new contract; in 2025, we aim to transfer over our existing vendor base from our old contract to this new one
- Any vendor that violates the terms of Harry Rosen's contract faces consequences, including our right to sever ties with that vendor

*Harry Rosen Vendor Contract (Schedule A): Standard Terms and Conditions:*

*"12 (iv) Vendor shall comply with all applicable laws and regulations, including but not limited to privacy laws and the Fighting Against Forced Labour and Child Labour in Supply Chains Act (the "Act"), when performing its obligations under this Agreement, and Vendor has identified, assessed and managed any potential forced labour or child labour risks in Vendor's business activities and supply chains and has ensured it is in compliance with the Act"*

# H Risk Concentration

**We continue to segment our suppliers based on risk and take actions on assess and reduce risk for our moderate risk vendors**

Risk level	Description	Prevalence
<b>Very low</b>	Suppliers that produce and source materials from the developed world (e.g., Italy) with a focus on skilled labour / quality materials and clear policies against forced labour	<b>High</b> – key examples include <a href="#">Zegna</a> , <a href="#">Canada Goose</a> , <a href="#">Brunello Cucinelli</a>
<b>Low</b>	Suppliers with operations in both the developed and developing world (e.g., Western and Eastern Europe), but have clear policies to eradicate forced labour in their supply chain	<b>Medium</b> – examples include <a href="#">Armani Group</a> , <a href="#">Hugo Boss</a>
<b>Moderate</b>	Suppliers that operate primarily in the developing world (e.g., China)	<b>Low</b> – most notable example is our private label manufacturer, based in China

**For our private label manufacturer based in China, we continue to take additional steps to reduce the risk of forced labour:**

1. **Factory visits:** we periodically visit their manufacturing facilities in China to observe their production practices and ensure strong labour conditions
2. **Social certifications:** Our manufacturing partner in China remains a member of [SA8000](#), the world's leading social certification program, with specific elements prohibiting Child and Forced Labour.
3. **Fabric suppliers:** we have worked with our partner to select fabrics from quality mills, primarily based in Italy and ensure all any mills that source fabrics/cotton in China have qualified for the [SA8000](#) social certification

## In 2024, we launched mandatory training for all employees involved in purchasing product, highlighting risks of forced labour in supply chains

Lesson 1 of 3

### What is Forced Labour/Modern Slavery?

Forced labour refers to situations of exploitation that a person cannot refuse or cannot leave because of threats, violence, coercion, deception, or abuse of power.

This is an economic crime ... People do not enslave others to be mean to them; they do it to make a profit.



Although the highest prevalence of forced labour is found in low-income countries, it is deeply connected to demand from higher-income countries.

The production and movement of goods between countries – from the sourcing of raw materials to manufacturing, packaging, and transportation – creates complex and opaque supply chains and many of them include Forced Labour.

Lesson 2 of 3

### What are the risks of modern slavery in garment supply chains?

There are risks of modern slavery at each stage of the garment supply chain, from growing and producing raw materials, to processing these into inputs, to manufacturing and as noted above, luxury brands do not guarantee ethically made products.

#### Textiles/Inputs



During processing, raw cotton is ginned, spun, and woven into textiles. Fibres sourced from multiple countries are combined into a singular fabric at a textile mill, complicating efforts to trace the origins of a finished product.

In response to tight turnaround times and reduced profit margins, suppliers sub-contract their production to home-based workers, often women and girls, reducing brand oversight of their supply chains. Informal and home-based workers usually lack formal contracts, making them vulnerable to exploitation.

Risks of child and forced labour follow the raw materials into textile production, particularly in countries based in the Asia and the Pacific region. Forced labour has been documented in major exporting countries such as China, where Uyghurs and other Turkic and Muslim minority groups have been forced to work in the production of textiles.

#### Manufacturing



Following processing, textiles are dispatched to manufacturing facilities to be made into garments, where factory workers may be exposed to exploitative working conditions, including excessive hours.

Vulnerable groups such as women and girls are particularly at risk of exploitative conditions in garment manufacturing, although women and girls are overrepresented in garment factories across the globe. They are relegated to lower-paid and subordinate roles, such as machine operators and checkers. Even if their tasks are the same, women generally receive lower wages than men garment workers due to perceptions that female income is "complementary" to income generated by male breadwinners.

Migrant workers are also highly vulnerable to exploitation in the garment sector, receiving lower wages and unfair wage deductions, and facing precarious working conditions and higher risks of debt bondage, retention of documents, and threats of violence or deportation.

Lesson 3 of 3

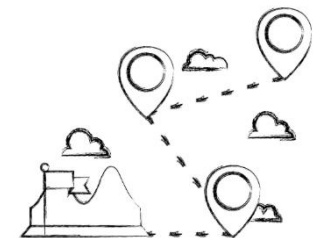
### How does this impact our team?

Canada has enacted legislation to guide our activities in this area. The Forced Labour and Child Labour in Supply Chains Act requires that Canadian employers take a proactive stance against these activities. Given this we need to be careful who we choose to do business with.

#### What can we do?

We are confident that our vendor partners are operating within the law but recognize that we have both an opportunity and an obligation to take steps to ensure that we continue to maintain a supply chain free from forced or child labour of any kind.

This means that Associates in our organization engaged in sourcing/buying product to stock our stores, to surprise and delight our clients, to keep our business functioning (for example, purchase of wrap-and-pack, stationary, tailoring supplies, etc) are required to make best efforts to ensure that we are not purchasing goods that involve the use of forced or child labour.



# H Remediation and Assessment of Effectiveness

## We have plans in place to increase our focus on training our employees and monitoring the effectiveness of our policies and procedures

Area	2024 Update	Focus for 2025
<b>Remediation</b>	<p>We still have not identified any forced or child labour in our activities or supply chains, as have not taken any remediation measures. However, with our new vendor contract, we are better positioned to take measures if any forced or child labour is identified.</p>	<ul style="list-style-type: none"><li>• We continue to focus on preventative measures that reduce the risk of forced and child labour in our supply chain, including the launch of training among our buyers to identify any potential risks and a new vendor contract</li><li>• However, we are prepared to take remediation actions if any forced or child labour is identified in our supply chain</li><li>• With our new vendor contract, we're able to require specific actions from suppliers to prevent forced or child labour for occurring or reoccurring and can sever ties with suppliers that demonstrate an inability to remove child or forced labour from their supply chain</li></ul>
<b>Assessment of effectiveness</b>	<p>We will assess effectiveness based on the implementation of our new vendor contract explicitly prohibiting forced / child labour and the launch training among our buyers to identify risks in supply chain activities</p>	<ul style="list-style-type: none"><li>• Now that we have launched our vendor contract explicitly prohibiting forced and/or child labour, our focus will be switching over as many vendors as possible to this new contract so we can ensure suppliers are complying with Canada's new law</li><li>• With a formalized policy prohibiting hiring anyone under 16, we will internally audit the implementation of this policy to ensure compliance</li><li>• We will also aim to have 100% completion of forced labour training among our buying team, including new members that join the team as they are onboarding</li></ul>

## H Attestation

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In accordance with the requirements of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (Act), and in particular section 11 thereof, I, in the capacity of **Chief Financial Officer of Harry Rosen Inc.**, attest that I have reviewed the information contained in the report on behalf of the governing body of 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 within this report.

- **Graham Rosen**
- **Chief Financial Officer**
- **July 21<sup>st</sup>, 2025**



"I have the authority to bind Harry Rosen Inc."