

**TORLYS**

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**2024**

**TORLYS Inc.**

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

For the fiscal year ending December 31, 2024

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 2024 fiscal year that ended December 31, 2024, for TORLYS and outlines steps taken in 2024.

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 37-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 0R2 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, and Vietnam. TORLYS sells to flooring retailers, distributors, and builder/commercial contractors across Canada, the United States and New Zealand.

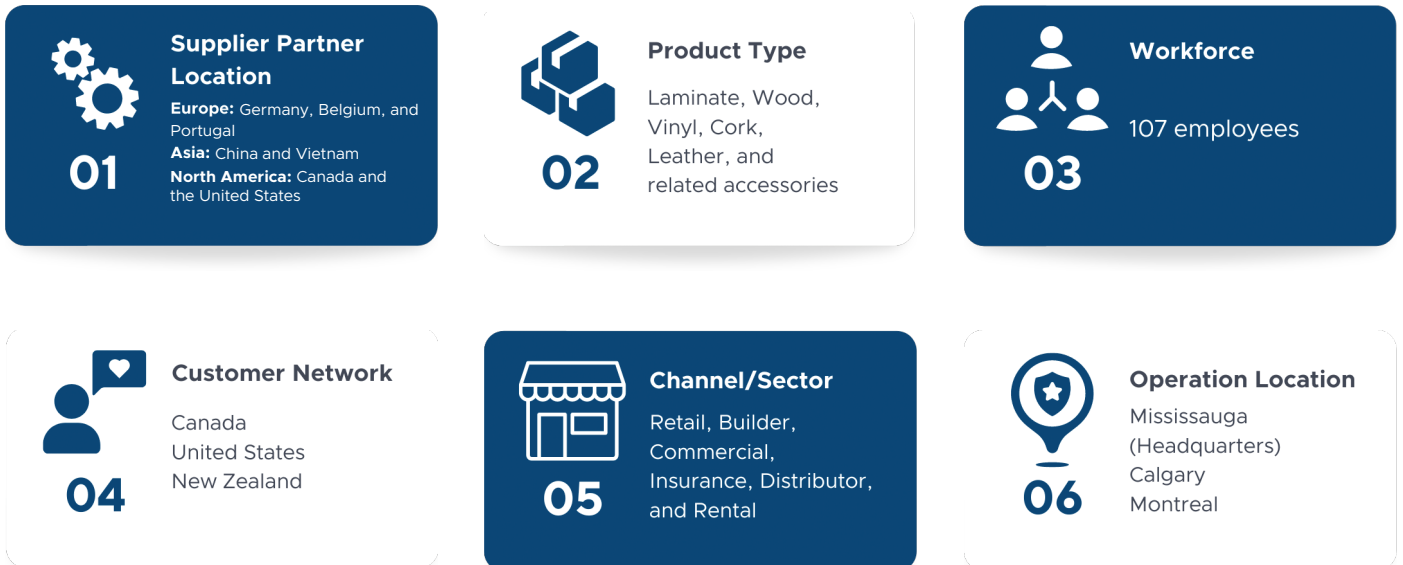
## Governance

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 2024, 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 (FSC® C092674). TORLYS follows the Human Rights Code, Employment Standards, Labour Relations, and Health and Safety legislation in each province where individuals are employed.

(d) In 2024, TORLYS developed a vendor code of conduct that will guide its relationships with all vendors. By partnering with TORLYS, vendors acknowledge and agree to adhere to the principles outlined in the vendor code of conduct. This commitment is integral to maintaining a mutually beneficial and ethical relationship.

The vendor code of conduct focuses on setting expectations and guidelines for vendors obligating them to comply with applicable laws, including regulations related to forced and child labour. It emphasizes worker rights and protections, with a focus on prohibiting child, forced and trafficked labour, and other discrimination, intimidation, abuse, harassment or violence against workers. The vendor code of conduct also outlines the expectation of ethical practices and responsibilities around sustainable practices.

#### Audits

(e) TORLYS completed an annual assessment of TORLYS compliance with FSC® core labour requirements. The FSC® requirements include forced and child labour,

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discrimination in employment and occupation, and freedom of association and the right to collective bargaining. The assessment did not reveal any risks.

(f) TORLYS commissioned comprehensive compliance audits with Asian sourcing partners contracting the services of IFL Dalian. Auditors completed a questionnaire (i.e., 95 questions) structured in accordance with the principles and guidelines of the SA8000 certification program, ILO Conventions, Local Chinese Labour Laws, Company Policies, the Fighting Against Forced and Child Labour in Supply Chains Act (2023-2024), and The Uyghur Forced Labor Prevention Act (UFLPA).

The questionnaire was filled out by auditors after detailed inspection and interviews at the factories. The audit assessed compliance in key areas, including company structure, policies on child/forced labour, employee verification, working conditions, grievance mechanisms, and supply chain traceability—ensuring no links to high-risk regions like XUAR. It also evaluated training on labour rights, reviewed critical documents (contracts, payroll, compliance records), and provided findings with recommendations for corrective action. This ensures transparency and ethical integrity in the supply chain. Onsite assessments included (i) Batch Traceability: The inspector verifies on-site practices to ensure the traceability of each product batch; (ii) PVC Raw Material Stock Check: The inspector reviews remaining PVC stock to confirm it matches the factory's documented quantities; (iii) Labour Inspection: Examines the factory for any instances of child or forced labour, ensuring compliance with relevant laws and standards.

The audit led to the prioritization of the actions noted in the governance section point 3(b). In some instances, the audit revealed a lack of the necessary policies and/or procedures. Suppliers were notified of the discrepancies as well as recommended corrective actions, and that TORLYS will be following up prior to the 2025 audit to ensure complete implementation. The outcome will be reported on in the 2025 report.

## Monitoring

(g) 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 vinyl 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

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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.

In 2024, TORLYS developed a human rights commitment statement and a policy against illegal labour. In August 2024, these newly formalized policies were shared with all TORLYS employees. These policies serve to guide our employees on the expectation and commitment to ethical conduct. Additionally, employees were encouraged to share the documents with their direct customer contacts.

The former policy highlights TORLYS' commitment to conducting business ethically, ensuring a safe and inclusive environment, and complying with all relevant laws and regulations. This includes a focus on protecting individuals from forced and child labour while maintaining a healthy, safe workplace free from discrimination and harm. The latter policy emphasizes TORLYS' dedication to respecting human rights and combating forced labour, child labour, slavery, and human trafficking within both our organization and its supply chain. It outlines the expectation that TORLYS uphold the highest ethical standards, ensure compliance with local and international labour laws, and take prompt action against any violations, including providing training to all employees to prevent illegal labour practices.

## **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, in 2023 TORLYS began conducting internal assessment of the risks of forced and child labour within the organization's activities and supply chain; we continually repeat this practice In 2024 TORLYS conducted comprehensive audits with its vendors based on the 2023 geographic risk assessment of its supply chain (i.e., at risk for the the inclusion of products or components made using forced or child labour). The audit details were outlined in section 3(f) of this report.

To continually 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**



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). Where shortfalls in policies and documentation were identified, recommendations were made regarding corrective actions and follow-up during the first half of 2025. The results of those measures will be reported on in TORLYS 2025 report.

## 6. Remediation Measures

TORLYS' annual 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. In August 2024, new policies outlined in section 4 were shared with all TORLYS employees. Further to the new policies TORLYS employees were required to complete training on Bill S-211 and Forced Labour Laws in Canada.

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## 9. Assessing Effectiveness

In 2024, 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.

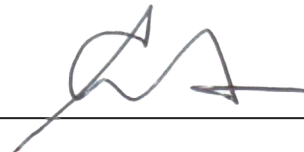
## Approval and Attestation

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



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



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