



groupe lemur inc.

Fighting Against Forced Labor and Child Labor in Canadian Supply Chains

Annual Report 2023
Canada

May 29th, 2024

Introduction:

Groupe Lemur, Inc. (GLI), established in 1992, is a leading developer and importer of premium apparel, specializing in newborn, infant, junior, and family ranges as well as sleepwear, outerwear and swimwear categories. GLI distributes to major retailers across North, Central, South America, Asia, Europe, and Australia. Headquartered in Montreal, Quebec, Canada, we are a privately owned and operated family business focused on crafting high-quality children's wear while adhering to the strictest safety standards.

At GLI, we operate as a tightly knit family, dedicated not only to delivering premium apparel but also to fostering the long-term well-being of our partners, team members, and customers alike.

GLI conducts business with integrity, striving to protect the environment around us as well as the rights of those who work with and for us. We are consistently working toward sustainable and environmentally responsible approaches throughout the development and production processes. Consequently, our materials, factories, and partners are sourced and evaluated for their ethical practices and procedures by implementing our proprietary guideline referred to as, GLI's Factory Expectation Guidelines.

By prioritizing apparel manufacturers who adhere to Social Compliance Audits by internationally recognized independent third-party entities coupled with GLI's own due diligence processes, GLI works to continuously prevent and reduce risks of forced labour and child labour. Additionally, GLI is committed to source cotton fibers from outside high-risk regions and countries identified or suspected using forced or child labor, further solidifying our commitment to ethical sourcing practices.

As we move forward, our objectives remain clear: to continually develop and implement robust due diligence policies and processes aimed at identifying, addressing, and prohibiting the use of forced labor and child labor. We operate within the parameters established by governments and in alignment with our customers' expectations, consistently striving to identify and mitigate emerging risks.

Groupe Lemur Inc.'s Structure, activities and supply chains:

- GLI is an Importer Corporate Company established in Montreal, Quebec, Canada in 1992. We have over 100 employees at the headquarter office.

- GLI engages in a variety of business activities:

Finances: Managing financial operation and ensuring fiscal health.

Sales: Facilitating the selling of our products to customers and retailers.

Customer Services: Providing support and assistance to our customers and retailers.

Product Development: Continuously enhancing and innovating our product offerings at competitive prices and sourcing partners that meet our strict safety and social compliance requirements.

Design & Technical Creation: Crafting designs that are both appealing and technically proficient.

Fit & Specification: alignment of product measurements and characteristics with establish standards.

Production & Compliance: Overseeing production processes while ensuring our products adhere to regulation and standards of our customers and governments in required timeline.

Logistics: Managing the efficient movement and distribution of our goods.

Marketing: Promoting our products to customers and for the benefit of our retail partners.

Retail: Operate a direct-to-consumer sales channel online including the logistical aspects of delivering our products directly to consumers.

- Our apparel products are manufactured with suppliers located in:
 - China (including Guangdong, Henan, Jiangsu, Jiangxi, Shandong, Zhejiang, Fujian, Hubei, and Hangzhou) and Cambodia (specifically in the region of Phnom Penh, with materials imported from China).
 - Our raw materials are primarily cotton fibers sourced from: India, USA, Brazil, Australia, Africa, and China.
 - Organic cotton fibers imported from India, accompanied by Transaction Certificate for fibers certified by Global Organic Textile Standard.
- GLI's quality control coordinators are stationed in and travel between China and Cambodia to assess product quality and supplier performance to meet GLI and customer expectations.

- Goods are shipped from various ports including Shanghai, Xiamen, Qingdao, and Phnom Penh, and distributed to
 - GLI's warehouse in Montreal and a third-party warehouse in Vancouver for Canadian distribution.
 - US base third-party warehouse in Champlain, NY, for distribution to retailer's warehouses or customer distribution centers in the North America;
 - Directly to customers' and retailers' forwarders in Asia for transportation to their destination countries.
- GLI distributes its products to major retailers across North, Central, and South America, Asia, Europe, and Australia. Additionally, our e-commerce operation is based out of our Montreal warehouse.

Policies and Due Diligence Processes Regarding Forced Labor and Child Labor:

- In 2022, we identified high-risk regions for forced labor within our cotton supply chains. To ensure compliance across all divisions and customers, we implemented the following policy for our Vendor Purchase Orders (VPO) in 2023:
 - Cotton Traceability Supply Chain for Groupe Lemur, Inc. Orders: All cotton yarns used in our products must not originate from Uzbekistan, Turkmenistan, or the Xinjiang province, China.
- At Group Lemur Inc., we collaborate with our first-tier suppliers (apparel manufacturers) to uphold the social compliance standards mandated by our diverse range of customers. Most of our products are manufactured by suppliers who have undergone valid social compliance audits, meeting acceptable standards.
 - Suppliers are selected based on the specific requirements of the customer and their ability to meet these standards. Customers may require varying levels of social compliance certifications such as WRAP, SEDEX, SMETA, BSCI, or COC.
- Our first-tier suppliers are carefully chosen, and their social compliance audits are thoroughly vetted by our compliance team to ensure adherence to acceptable criteria and customer requirements. Social compliance audit reports are provided to customers upon request and are regularly monitored.

- In 2023, more than 75% of the apparel manufacturers producing our products possessed valid social compliance audits meeting the required standards.
- In line with our commitment to mitigate the risks of forced labor and child labor in our supply chains, we initiated efforts in 2023 to encourage manufacturers to undergo social compliance audits for our review and approval, irrespective of customer requirements. In instances where a valid audit is unavailable, manufacturers are urged to obtain one for the year 2024 or to be replaced by manufacturers with valid audits.
- The measures undertaken in 2023 served to prepare our suppliers for the introduction of a new policy, effective January 2024, as outlined in our Vendor Purchase Orders (VPO):

- *Purchase Order Requirement and Policies*

- Social Compliance audit requirements:

- A valid Social Compliance audit report must be submitted for Group Lemur Inc (GLI) approval prior confirming any VPO.

- Acceptable Audit Standards include SMETA, BSCI, WRAP, COC by third-party accredited company.

- Supply Chain transparency requirements:

- Suppliers/factories/trading companies are responsible for ensuring compliance with the Vendor Code throughout the Merchandise supply chain, promptly providing upon request, the traceability of all components with all information of the Merchandise to their source.

- Prohibition in the supply chain:

- No parts of the supply chains are authorized to be manufactured wholly or partially in high risk of force/child/prison bonded/human traffic labor's regions or countries already identified or suspicious. GLI may discontinue business with any supplier who fails to comply with the applicable Laws and Regulations of the country where the labor is performed to produce the merchandise and its components.

Risks of Forced Labour and Child Labor in our Operations Supply Chains

- **Assessment and Manage Risk**
 - Lower Risk within Domestic Operations:
Given the abundance of labor resources and the robust legal, regulatory, and market frameworks within Canada, GLI can ascertain that the risk of forced labor and child labor within its domestic operations is comparatively lower.
 - Moderate Risk for Outsourced Operations in Asia:
The risk level is moderate for outsourced operations in Asian countries where different apparel manufacturers may not have established Social Compliance codes prohibiting child labor and forced labor. GLI actively addresses this risk by collaborating with apparel manufacturers adhering to and possessing valid Social Compliance audits. In 2023, more than 75% of our apparel suppliers met this requirement, with ongoing efforts to increase this percentage in 2024 and subject to continuous re-evaluation.
 - Higher Risk in Supply Chain Materials:
Considering the global nature of commodity sourcing, manufacturing, and logistics from overseas countries, the risk is higher, particularly in the materials procured for our supply chains. In our specific production areas, raw cotton material poses the highest risk. To mitigate this risk, GLI has implemented measures such as prohibiting the use of cotton yarns originating from Uzbekistan, Turkmenistan, and the Xinjiang province of China. Additionally, certain customers require verification of the cotton's origin through accredited laboratories to ensure compliance with high-risk region restrictions.

Furthermore, a portion of our products is crafted from organically grown cotton yarns sourced from India, accompanied by transaction certificates certifying their organic origin and traceability.

Remediation

- **Measures to Remediate Forced Labor and Child Labor:**

- Low Risk in Canadian Operations:

The risk of forced labor and child labor is notably lower in Canada compared to many other countries. Notably, no instances of forced or child labor were identified within GLI's Canadian operations throughout 2023.

- Supplier Engagement and Remediation Efforts:

With regards to suppliers within our supply chains, remedial actions to address concerns of forced and child labor commenced in 2023. Suppliers were encouraged to undergo Social Compliance audits to maintain business relations with GLI in 2024. In the upcoming year, 2024, we will extend our evaluation to include material suppliers involved in our product lines. This evaluation aims to implement remedial measures to mitigate any risks associated with forced labor or child labor. Additionally, we will continue to rigorously ensure that our cotton sourcing adheres to the standards, avoiding procurement from identified high-risk regions.

- **Measures to Remediate Loss of Income for Vulnerable Families:**

- No Anticipated Remedial Actions in Canadian Operations:

GLI foresees no need for remedial actions within its Canadian operations, thus no loss of income for vulnerable families is anticipated as a consequence of such actions.

- Potential Loss of Income and Future Actions:

While loss of income may potentially result from remediation efforts or actions taken subsequent to vendor evaluations and audits, GLI does not anticipate such loss or the need for remedial action at this time. However, future reports and evaluations will include details on any steps taken to address and remediate loss of income should instances of forced or child labor be identified within our supply chains.

Training

- We engage in discussions with apparel manufacturers and our GLI Quality Control team in Asia regarding this matter. Throughout the year, we conduct multiple inspections on our products and maintain our own Quality Control (QC) audit program to assess factory performance. Our team diligently reports any instances of forced labor or child labor observed during factory visits. GLI thoroughly reviews Social Compliance audits, terms, and requirements. In 2024, we will enhance our training programs to onboard our employees and suppliers, including their respective materials suppliers within the supply chain.

Measuring our effectiveness

- GLI effectively measures our performance with first-tier apparel manufacturers by maintaining a record of their Social Compliance audit documents. Additionally, we conduct regular product inspections at the factories, enabling our QC team to address any concerns or findings during their visits.
- In 2024, we will collaborate with apparel manufacturers and their respective supply chains to identify opportunities for enhancing our effectiveness within the supply chain.

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 2023.

James DiMiele
Executive Vice-President
May 29, 2024



I have the authority to bind 'Groupe Lemur Inc'.