

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



# About This Report

Herschel Supply Company Ltd. has prepared this report (the “Report”) being submitted pursuant to Section 11 of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “Act”) for the financial year ended December 31, 2023. This is a joint Report prepared by Herschel Supply Company Ltd. on behalf of itself and the entities (the “Herschel Reporting Entities”) identified in the table below (collectively, “Herschel”, “Herschel Supply”, “we” or “us”).

Herschel Reporting Entities	Principal Activities
Herschel Holdings Ltd.	Ultimate parent of the Herschel group of companies.
Herschel Supply Company Ltd.	Operating entity for the Herschel Supply brand in Canada.

This Report describes the ongoing efforts to enhance the transparency in our supply chains by outlining the steps taken during the 2023 financial year. It aims to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods in Canada or elsewhere, or of goods imported into Canada. This has been done in accordance with the mandatory reporting criteria outlined in Sections 11(1) and 11(3) of the Act.

Herschel Supply Company Ltd. also voluntarily posts a statement on its website relating to the *UK Modern Slavery Act* and the *California Transparency in Supply Chains Act*. Those voluntary statements are approved by an annual directors’ resolution and can be found [here](#).

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# Introduction

In the beginning, Herschel Supply adopted its name from a small town in Saskatchewan, where three generations of our founders' family grew up. When they were kids, Herschel had no boundaries and represented endless creative freedom. With this mindset, we based our brand in Vancouver, British Columbia, where we're committed to our footprint and care about the community, oceans and mountains that surround our beautiful city. We design classic products that combine style, quality and purpose while keeping sustainability at the forefront.

We're open to every journey and have a travel everywhere, travel often attitude. As part of our journey, Herschel strives to create design-driven, quality products using responsible manufacturing practices. Our fine regard for detail is also reflected in our supply chain — **we respect human rights and require a high degree of transparency from our factories and suppliers.**

# Structure, Activities and Supply Chains

## STRUCTURE

Herschel is a lifestyle accessories and travel brand with a global reach, proudly headquartered in Vancouver, British Columbia, Canada.

Founded in 2009, Herschel is a privately held company existing under the British Columbia Business Corporations Act and a wholly owned subsidiary of Herschel Holdings Ltd.

On December 31, 2023, the Herschel Supply group employed 329 employees globally.

## ACTIVITIES

We specialize in the design, manufacture and global sale of bags, luggage, accessories, headwear and apparel, as can be found on our website: <https://herschel.ca/> (our “Products”).

Our Products are sold globally via the following sales channels:

- i. direct-to-consumer sales in Herschel Supply branded retail stores or via our website at <https://herschel.ca/> (or global variations thereof);
- ii. an international network of third-party authorized distributors under contract with us; and
- iii. wholesale sales to third-party retailers, including but not limited to department stores and independent boutiques.

In 2023, our Products were sold in over 60 countries through more than 8,000 retail doors. Only authorized contractual distributors and retailers may sell Herschel Supply Products.

## OUR SUPPLY CHAINS

Our Products are designed in Vancouver, British Columbia and Los Angeles, California, manufactured in Asia, then shipped and sold globally through the abovementioned sales channels.

Herschel Supply has an internal product sourcing and manufacturing team (the “Sourcing Team”) that identifies and manages a network of third-party contract manufacturers. Our internal Impact Team identifies and manages environmental, social and sustainability initiatives (the “Impact Team”), and works closely with the Sourcing Team on social supply chain issues.

For more information on our craftspeople and supply chains, including our geographic supplier base, please refer to our 2022 Impact Report available for download at: <https://herschel.ca/community/impact> (the “Impact Report”).

Tier 1 suppliers are the factories that assemble our final products — like sewing our bags together or assembling our suitcases. Tier 2, Tier 3 and further supplier tiers are the factories that produce component parts like zippers, or source the materials used to make our products.

Our importation of goods into Canada generally consists of our finished Products for sale.

Further, based on our last assessment, over 90% of our Tier 1 suppliers by business volume had signed our standard Herschel Supply authorized manufacturing agreement which includes, among other things, general terms and conditions, Product information, a supplier questionnaire, our industry-aligned supplier code of conduct, quality requirements and insurance information (collectively, the “Manufacturing Agreement”). Components of our Manufacturing Agreement are further outlined below in Section 4.

It is important to note that only authorized manufacturers may produce Herschel Supply Products, materials or component parts. Any imitation or similar products which are not manufactured or sold by authorized suppliers or retailers are considered counterfeit or grey market.

# Policies and Due Diligence Processes in Relation to Forced Labour and Child Labour



## OUR SOCIAL SUPPLY CHAIN JOURNEY

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We take the fight against forced labour and child labour in our supply chains very seriously. At Herschel, as we continue to grow, it is important to acknowledge the strides we've made in supporting responsible manufacturing practices and respecting human rights within our supply chains. We take pride in our efforts to create design-driven, quality products while upholding ethical standards with an increased focus on transparency.

Our policies and due diligence processes, as described further below, reflect our commitment to the environment and ethical working conditions, where people are treated fairly, equally and have the essentials for a fulfilled and dignified life.

While we have achieved significant progress, we acknowledge that there is always room for improvement. As a company of our size and scale, we remain committed to continually enhancing our social supply chain compliance efforts. We're on a journey to keep improving our efforts and we intend to continue learning, adapting and striving for leadership to uphold the highest standards of ethical sourcing and labour.

## POLICIES

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### Code of Conduct

Herschel's supplier code of conduct (the "**Code of Conduct**") prohibits forced and involuntary labour of any kind, including human trafficking, and reflects the international standards set out in the Universal Declaration of Human Rights, the UN Convention on the Rights of the Child, and applicable ILO Conventions and federal legislation.

## DUE DILIGENCE PROCESSES AND PROCEDURES

### Supplier Questionnaire

As part of Herschel's due diligence process prior to signing our Manufacturing Agreement, Tier 1 suppliers must also complete our supplier questionnaire (the "Supplier Questionnaire") and sign Herschel Supply's Code of Conduct.

The Supplier Questionnaire contains many questions specific to each manufacturing facility's environmental, social and occupational health and safety information, but also contains questions specific to child labour, young workers and forced labour.

### Verification and Industry Benchmarking

We use third-party verification agencies to conduct on-the-ground audits of our Tier 1 suppliers against our Code of Conduct. On top of independent third-party audits, we regularly conduct factory visits ourselves to understand the human stories of our supply chain. During these visits, we ask ourselves, "would I want to work here?"

At Herschel, it is important to us that the answer is always "yes." So, on these visits, we check medical incident reports, facility conditions and ask about any plans for improvement.

In 2021, we joined the Sustainable Apparel Coalition ("SAC", in 2024 re-branded as Carscale), an alliance of more than 250 leading apparel, footwear and textile industry organizations working to reduce environmental impact and promote social justice throughout the global value chain. In 2022, we started using the Higg Index tools to better understand and improve our environmental and social impact.

Developed by the SAC, the Higg Index is the apparel industry's leading suite of impact assessment tools. It promotes industry best practice and standardized, transparent reporting. Our suppliers assess both their environmental and social impacts, using the Facility Environmental Module ("FEM") and Facility Social & Labor Module ("FSLM"). We are also working to improve our results in the Higg Brand & Retail Module ("BRM"), which assesses the environmental and social performance of our own operations. We've been assessing our value chain with these tools since 2022.

In 2023, many of our Tier 1 suppliers assessed and identified opportunities for social improvement using the FSLM.

For more information on our craftspeople and supply chain, please refer to our [Impact Report](#).

### Contractual Terms

Our supplier Manufacturing Agreement contains extensive provisions, including but not limited to compliance with laws, ethical business practices and sanctions compliance, anti-corruption law compliance and a zero-tolerance policy for unauthorized subcontracting by otherwise authorized suppliers. Our Manufacturing Agreements grant us the ability for our own Sourcing Team, along with our designees, to visit and audit the Tier 1 suppliers.



# Risks of Forced Labour or Child Labour and Steps Taken to Assess and Manage That Risk

## Steps Taken in 2023 to Prevent and Reduce the Risk of Child and Forced Labour

In 2023, Herschel took the following steps to prevent and reduce the risk of child and forced labour being present at any step of its supply chains:

- Updated our Code of Conduct;
- Held an in-person training session on the Act in our Vancouver office by an external facilitator; and
- Various third-party audits and site visits.

## Risks of Forced or Child Labour in Our Activities

At Herschel, we consider our operational forced and child labour risk to low. Out of 160 countries, Canada is ranked 17th lowest in terms of prevalence of modern slavery, which by definition includes child and forced labour, by the Global Slavery Index produced by [Walk Free](#), an international human rights group focused on the eradication of modern slavery.

Compounding our low jurisdictional risk, Herschel observes strict employment practices in accordance with Canadian laws, which helps eliminate the risk of child and forced labour within its operations and activities.



## Risks of Forced or Child Labour in Our Supply Chains

While Herschel is not aware of any forced or child labour in its supply chains, we recognize that child and forced labour can occur in every industry, sector and geographic location, and that these risks are more pronounced in the apparel industry. As such, there are certain risks of child and forced labour occurring in Herschel's supply chains. In particular, our Tier 1 suppliers operate in countries with known risks of human rights concerns.

However, as discussed next, these increased risks are monitored, evaluated and mitigated by Herschel's Code of Conduct and due diligence processes and procedures.

## Mitigation of Potential Risks

By its very nature, using third-party contract manufacturing carries a risk of forced or child labour. However, in light of the steps taken above, including but not limited to due diligence on our suppliers via the Supplier Questionnaire, a signed Manufacturing Agreement, signed Code of Conduct, planned and unplanned visits by our own staff and independent third-party auditors and ongoing communication with suppliers (collectively, the "**Risk Management Activities**"), Herschel assesses and manages these potential risks on an ongoing basis.

## Herschel Did Not Identify Any Forced or Child Labour in Its Operations or Supply Chains

To date, pursuant to our Risk Management Activities, we have not identified any forced or child labour in any portion of our supply chains. As such, in 2023 we did not take any remediation measures and we have not taken any steps to remediate loss of income that result from actions taken to eliminate the use of forced labour or child labour, given none have been identified.

# Training Provided to Employees on Forced Labour and Child Labour

Although our internal Sourcing and Impact Teams are, by nature of their work, trained on these topics, we have not undertaken any formal company-wide training on forced or child labour in 2023.

However, in 2023 we conducted an in-house training session by qualified external facilitators, for our Impact, Legal and Sourcing Teams in our Vancouver head office that provided a broad overview of the global situation as it relates to child and forced labour, addressed the social impacts, and discussed the legal considerations relating to child and forced labour.

## How We Assess Our Effectiveness

As we continue to evaluate our Risk Management Activities that are designed to prevent and reduce the risk of child and forced labour, we intend to consider implementing processes or benchmarks, where appropriate, to assess the effectiveness of our processes.



# Attestation

This Report was approved by the board of directors of Herschel Holdings Ltd. on behalf of itself and the Herschel Reporting Entities pursuant to section 11(4)(b)(ii) on May 17th, 2024.

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.



**LYNDON CORMACK**

Founder & Co-Managing Director

I have the authority to bind Herschel Supply Company Ltd.  
and Herschel Holdings Ltd.

