

**Annual Report on Forced Labor in Canadian Supply Chains in Compliance with Bill S-211**

Reporting entity's legal name: Weyco Group, Inc.

Financial reporting year: 2023

Identification of a revised report: Original Report

Business number(s), if applicable: Canadian Revenue Agency Business Number 88642 3094

Identification of reporting obligations in other jurisdictions: US Customs and Border Protection's Customs-Trade Partnership Against Terrorism (CTPAT), California Transparency in Supply Chains Act

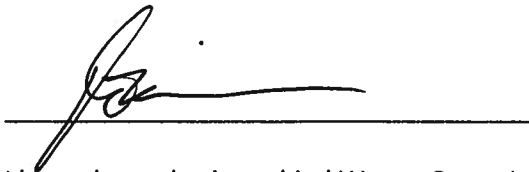
Entity categorization according to the Act: Corporation

Sector/industry: Footwear

Locations: United States: Glendale, WI; Canada: Montreal, QC; Australia: Surrey Hills, VIC

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.

- John Florsheim
- President and COO
- April 30, 2024



A handwritten signature in black ink, appearing to read 'John Florsheim', is written over a solid horizontal line.

I have the authority to bind Weyco Group Inc.

## **Canada Forced Labor Report**

### **(A) Structure, Activities and Supply Chains**

Weyco Group, Inc. is a publicly traded entity on the NASDAQ stock exchange. Weyco Group, Inc. and its subsidiaries engage in one line of business: the design and distribution of quality and innovative footwear under a portfolio of well-recognized brand names including Florsheim, Nunn Bush, Stacy Adams, BOGS, Forsake and Rafters. The company's products can be found in leading footwear, department, and specialty stores worldwide. Weyco Group also operates Florsheim concept stores in the United States, Australia, and South Africa. Weyco Group employs 608 people, of which 23 are in Canada.

The company's segments include its North American wholesale segment, North American retail segment, and "other" businesses. In the wholesale segment, its products are sold to footwear, department and specialty stores, as well as e-commerce retailers primarily in the United States and Canada. The wholesale segment also has licensing agreements with third parties who sell its branded apparel, accessories and specialty footwear. Its retail segment consists of e-commerce businesses and brick and mortar retail stores in the United States. Its other businesses include retail and wholesale operation in Australia and South Africa. Of its total revenues, approximately 84% is generated by the United States, 7% by Australia, 7% by Canada and 2% by other international markets.

Weyco Group is a member of U.S. Customs and Border Protection's (CBP) Customs-Trade Partnership Against Terrorism (CTPAT). This is a voluntary public-private partnership that strengthens supply chain security from origin through destination, by protecting against terrorism and forced labor. As a condition of CTPAT membership, yearly reporting is provided to CBP on the company's supply chain security practices. Though voluntary, all business partners are held to the same standard of security regardless of country or freight destination. Weyco Group is also in compliance with the California Transparency in Supply Chains Act, furthering the commitment to supply chain security.

Weyco Group sources its products from China, India, Dominican Republic, Vietnam and Cambodia. Once leaving the factory, consolidated goods are in possession of our CTPAT approved freight forwarders. For factory loaded containers, suppliers complete an annual security profile. Based on their answers, any areas of concern are addressed with the factories to meet security requirements. Weyco Group's international risk assessment includes cargo mapping from point of origin to our distribution center, including all known business partners involved.

### **(B) Policies and its due diligence processes in relation to forced labor and child labor**

### **(C) Parts of its business and supply chains that carry a risk of forced labor or child labor being used and the steps it has taken to assess and manage that risk**

Weyco Group is committed to conducting and managing our business in a manner that reflects our high ethical and moral values. Our direct operations in the United States, Canada, Australia and South Africa do not use forced labor and follow all child labor laws. The nature of the Company's business entails certain inherent risks associated with working in conjunction with foreign factories. We view an elevated risk when our factories/suppliers utilize a migrant work force and or use sub-contracted factories.

All Suppliers are expected to respect and adhere to the same philosophy in the operation and management of their businesses. As part of this commitment, Weyco Group developed a Supplier Code of Conduct ("Code") which establishes standards for all of its suppliers. In addition to complying with local laws and regulations, Weyco Group requires suppliers to be honest, transparent and committed to making continuous improvements against these standards. For the purposes of the Code, a supplier is any manufacturer or subcontractor engaged in a manufacturing process including cutting, sewing, assembling and packing, that results in a finished product for the consumer.

Weyco Group monitors compliance with this Code, and a Company or third-party representative may visit suppliers and their subcontractors to ensure compliance with this policy through inspection or formal audit. Any violations of the Code will be reported to the supplier for follow up and corrective action. Suppliers are required to cooperate with the entire process. Where there are zero tolerance violations and/or the supplier does not demonstrate a willingness to comply, Weyco reserves the right to discontinue business with the supplier.

Any and all forms of bribery, corruption, deception and records falsification are strictly prohibited, whether given to obtain business or otherwise. The business relationship may be immediately impacted by any such finding. The retaliation or reprisal against any person who, in good faith, reports unlawful or inappropriate activity related to the Code and/or the audit process may also give cause to interrupt the business relationship. Suppliers must maintain current and sufficiently detailed records that enable Weyco Group to determine their compliance with the Code and all applicable laws and regulations of the country where the merchandise is produced. All such records must be accurate and transparent and made available to representatives of Weyco Group promptly and upon request.

Suppliers are not allowed to use any type of forced labor, which means any work or service performed involuntarily under threat of physical or other penalty, such as prison, indentured, bonded or other compulsory labor. In addition, suppliers will ensure there is no slave labor or human trafficking in its supply chain. Further, they must respect the freedom of movement of its workers, ensure contracts are written in workers' spoken language, and not restrict worker movement by controlling identity papers, holding money deposits, or taking any other action to prevent workers from terminating their employment. Further supplemental standards regarding forced labor, slavery and human trafficking are outlined below:

- Indentured, bonded and prison labor are strictly prohibited in a factory producing merchandise for Weyco Group.
- Workers are not forced to work against their will, ability, or in a manner outside the provisions of the labor contract, where applicable.
- Workers must be allowed to freely move within the factory to use the toilets, take designated breaks, etc., and leave the factory at the end of their shift or after giving their employer reasonable notice.
- Workers are not coerced by factory personnel, including supervisors, security personnel, etc.
- Supplier/Agency does not restrict the movement of its workers by controlling identity papers or withholding money deposits, requiring excessive fees, etc.

- Factories shall only retain a worker's government issued identification, passport, work permit or other personal identification with the worker's written permission, and shall return such materials to the worker at the worker's request.
- Supplier has a written policy concerning forced labor which meets the requirements of the Weyco Group's Supplier Code of Conduct. Policy is effectively communicated to all workers.
- Workers must be able to end their employment, as outlined in legally compliant contracts. Factories shall pay all wages fully and promptly and not employ other tactics to prevent workers from leaving at will, such as withholding salary as a "year-end bonus" or charging a penalty when workers terminate their contract.
- Workers must be able to refuse to perform certain tasks that the worker believes to be hazardous without penalty of termination.

Weyco Group expects its suppliers to comply, at a minimum, with the applicable labor and environmental laws and regulations of the country where the merchandise is produced. Where the Code requirements are stricter than the law, compliance with the Code is required. Suppliers will comply with the minimum employment age limit defined by national law or by International Labor Organization (ILO) Convention 138, whichever is higher. The ILO Convention 138 minimum employment age is the local mandatory schooling age, but not less than 15 years of age, subject to exceptions allowed by the ILO and national law. In addition, suppliers must observe all legal requirements for work of authorized minors, particularly those pertaining to hours of work, wages, minimum education and working conditions. Further child labor standards are listed below:

- Factories must comply with all applicable laws governing minimum working age. If set below 15, then no one under the age of 15 is permitted to work (subject to exceptions allowed by the ILO and national law). If set above 15, then no one under the age established by law may work in the factory.
- Supplier has implemented a written policy specifying the youngest age for workers hired in the factory to ensure compliance with the child labor provision in the Code. Policy is effectively communicated to all workers.
- Supplier must comply with all legal restrictions placed on juvenile workers. This includes the number of overtime hours, hazardous and/or night work, annual medical checkups, and taking all necessary precautions to ensure juvenile workers are protected from working conditions likely to endanger their health, safety or welfare.
- Required documentation is maintained for juvenile workers, as required by law, including registration, school completion certificates, doctor certificates, and permission from parents.
- Supplier has hiring procedures in place to verify age documentation.
- To verify age and thereby compliance with legal age limitations, proof of age documentation must be maintained in personnel files for all workers in the form of birth certificates, government identification cards, or other official documents.
- No children are allowed in the factory, even if they are not working.

Active suppliers producing merchandise where Weyco Group is the importer of record must register their company via completion of the Factory Profile form. Active is defined as current OR planned (within the next 6 months) production.

In addition, suppliers are required to register subcontractors based on the following guidelines:

- Factories that have multiple functions/operations for Weyco (2+), with the exception of sewing, which should be included even if it is the sole function of their operation for Weyco.
- If a factory performs 2+ of the following operations/functions for Weyco, it should be registered: Packing, pressing, finishing, laundry, cut, sew (with the only exception being if it is simply a sew facility).
- Factories used to produce partial assembly, piece goods or component parts where there is an identifiable Weyco proprietary trademark/name, must also be registered.

Suppliers may not subcontract any operation in the manufacturing process without prior written consent from Weyco Group, and only after the subcontractor has agreed to comply with the Code. Suppliers are responsible for ensuring compliance with the Code by all of their subcontractors who produce or provide materials or services which are used in the manufacturing, processing, harvesting or production of merchandise sold to Weyco Group.

**(D) Measures taken to remediate any forced labor or child labor**

**(G) How the entity assesses its effectiveness in ensuring that forced labor and child labor are not being used in its business and supply chains.**

Weyco Group has risk-based processes in place to implement the company's Social and Environmental Compliance Program. These include screening and auditing new and existing business partners to make sure they follow a stringent security criterion and are reputable business partners. On an annual basis suppliers complete a CTPAT Security Questionnaire. Items on questionnaire are reviewed internally and are made sure answers are compliant. If issues are found, they are immediately addressed with the factory. If it is determined there are deficiencies, the supplier is notified and follow up is done on a set due date to ensure corrective action was taken. Weyco Group's overseas employees are asked to verify this, and in some cases photographic proof is requested. If there are even further concerns, Weyco will hire out a third-party professional to investigate and do a full audit.

Weyco Group has three basic types of audits that are part of its Social and Environmental Compliance Program. These include an Initial Audit, Follow-up Audit and a Renewal Audit. Initial Audits, based on Weyco Group's risk methodology, are scheduled when a factory is first registered as a supplier. Follow-up audits are scheduled when identified deficiencies from a previous audit need verification they have been addressed. Finally, a renewal audit is scheduled one or two years after a factory has passed its last audit to verify the factory is still in good standing.

If a factory is selected to be audited for compliance with the Supplier Code of Conduct, Weyco Group will notify them and instruct our third-party audit firm to perform the audit. Suppliers should always be prepared for a Weyco Group audit, as in some instances audits may be unannounced. The full cooperation of the factory is required during the audit and Weyco Group expects unrestricted access be granted to all areas within a factory as well as documents, records and employees.

A normal audit will last approximately one full day. The number of audit man-days will vary based on factory size and number of employees. Audits generally include an opening meeting with factory management, a factory tour, a review of selected factory records, private and confidential interviews with selected employees, and finally, a closing meeting with factory management to discuss audit findings and agree on a preliminary corrective action plan. Auditor(s) will sign a "Preliminary Corrective Action Plan" (Preliminary CAP) and then request the factory sign as agreement and acknowledgement of the findings and his/her comments, if any.

After an audit, Weyco Group will review the formal report from the auditor, as well as the Preliminary CAP, and assign a rating. Audit ratings and impacts are noted below:

Audit Rating	Next Audit Timeline	Business Impact
<b>A - Acceptable:</b> Approved No issues	12-24 months	No Impact
<b>B/C - Satisfactory:</b> Approved Minor violations only (The need for a follow-up audit depends on the # of issues and supplier CAP response)	6-24 months	No Impact
<b>D - Unsatisfactory:</b> Approval pending Major issue(s)	3-6 months	-Future orders will be impacted if no immediate action is taken.
<b>F - Unacceptable:</b> Not approved Zero Tolerance violations	N/A	-No new production permitted. -Termination to be confirmed by Weyco

A letter with the audit rating, next steps including follow-up audit schedule (if applicable), and the Final CAP, is then sent to the supplier and agent (if applicable). The Final CAP includes all findings identified in the audit and the Corrective Action Plan agreed to between the auditor and factory and documented in the Preliminary CAP. Upon receipt of this information, the supplier is required to complete the Final CAP indicating what actions the factory will or already has taken to address the noted deficiencies and the planned completion date. The completed Final CAP must be submitted to Weyco within 10 working days of receipt.

Weyco Group may cease doing business with suppliers that receive 3 consecutive unsatisfactory ratings, or have been unable or unwilling to demonstrate genuine improvement over a period of time. In addition, Zero Tolerance violations such as forced labor, bribery, etc., are grounds to immediately terminate a supplier. Weyco Group may terminate suppliers who fail to demonstrate a commitment to compliance with the Code. This may become evident through a lack of cooperation and participation

during the registration process, audit results, or a failure to address identified breaches. If a supplier is terminated, Weyco Group will notify the supplier and confirm next steps, including:

- Existing orders may or may not be able to continue
- No future orders can be produced
- Termination period (at least 12 months, up to 24 months)

After the termination period, suppliers can re-apply to be a supplier. Factory must be pre-approved for production and achieve at least a satisfactory rating before production can begin.

**(E) Measures taken to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labor or child labor in its activities and supply chains**

No forced or child labor has been found in Weyco Group's supply chain. This has made any remediation of lost income to affected workers not applicable. Should this change, Weyco Group will work with factories on an income policy to aid these workers.

**(F) Training provided to employees on forced labor and child labor**

Weyco Group currently has provided training through the Social and Environmental Compliance manual and through other written correspondence. Moving forward this year, Weyco Group will conduct compliance training seminars directly or indirectly (via a nominated 3<sup>rd</sup> party). Training sessions will be mandatory for a factory representative and are intended to educate participants on Weyco Group's Social and Environmental Compliance Program, Code of Conduct including the issue of forced and child labor, as well as highlight common deficiencies and best practices by country or industry. When a training session is scheduled, Weyco Group will send their relevant suppliers an invitation. Suppliers who receive an invitation are expected to attend these training sessions. Internal training is done through videos that educate Weyco Group employees on the warnings and dangers of forced labor in the supply chain, along with outlining the Canadian law. These training videos are mandatory for the following departments: Weyco Group Canada employees, Weyco Group Purchasing and Imports (USA) employees, and China office (the latter performs production coordination, development, material sourcing, and quality inspections of our third party suppliers in China).