

## ANNUAL REPORT ON FIGHTING AGAINST FORCED LABOUR AND CHILD LABOUR IN SUPPLY CHAINS

*For the reporting period: January 1, 2023 to December 31, 2023*

Canada considers it essential to contribute to fighting modern slavery and in 2023, adopted the Fighting Against Forced Labour and Child Labour in Supply Chains Act (Act). The Act imposes reporting obligations on entities involved in manufacturing goods in Canada or elsewhere or in importing goods manufactured outside Canada.

Child labour means labour or services provided or offered to be provided by persons under the age of 18 years and that:

- (a) are provided or offered to be provided in Canada under circumstances that are contrary to the laws applicable in Canada;
- (b) are provided or offered to be provided under circumstances that are mentally, physically, socially or morally dangerous to them;
- (c) interfere with their schooling by depriving them of the opportunity to attend school, obliging them to leave school prematurely or requiring them to attempt to combine school attendance with excessively long and heavy work; or
- (d) constitute the worst forms of child labour as defined in article 3 of the Worst Forms of Child Labour Convention, 1999, adopted at Geneva on June 17, 1999.

Forced labour means labour or service provided or offered to be provided by a person under circumstances that:

- (a) could reasonably be expected to cause the person to believe their safety or the safety of a person known to them would be threatened if they failed to provide or offer to provide the labour or service; or
- (b) constitute forced or compulsory labour as defined in article 2 of the Forced Labour Convention, 1930, adopted in Geneva on June 28, 1930.

This report is prepared by SAXX Underwear Co. Ltd. (SAXX) under the Act and outlines the steps SAXX has taken during its previous financial year (the Reporting Period) 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 by SAXX or of goods imported into Canada by SAXX.

### Structure, Activities and Supply Chains

SAXX is a Vancouver, Canada-based authentic lifestyle brand offering comfortable, premium and highly technical men's underwear and apparel. Founded in 2006, SAXX revolutionized the men's underwear category with its innovative patented design, quality materials and careful craftsmanship. Through challenging everyday discomfort, SAXX effectively united product with purpose to connect emotionally with consumers and drive engagement.

SAXX is a privately held company, incorporated under the laws of the Province of British Columbia. SAXX is part of SAXX Parent Holdings Inc. and this joint report includes all related entities. The activities of SAXX are directed by a senior management team consisting of the Chief Executive Officer, C-Suite and VPs, each of whom leads the core functions of SAXX. The governing body of SAXX is its Executive Leadership Team.

SAXX's supply chain utilizes third-party, overseas factories to manufacture SAXX-branded underwear, apparel and related merchandising products and third-party logistics providers to handle the transportation of these products into Canada.

### **Policies and Due Diligence Processes**

The status quo is not for us. Our obsession with innovation keeps us in pursuit of progress and sustainable performance to help us solve the most uncomfortable problems. SAXX's core values of Support, Innovation, Fun and Agile include a commitment to sustainability and ensuring that forced labour and child labour are not present in SAXX's business activities. SAXX does not tolerate the use of forced labour or child labour in any form.

SAXX exercises internal controls in its hiring and recruitment practices by maintaining and adhering to written policies on equal opportunity and fair hiring.

SAXX took the following due diligence steps with respect to preventing and reducing the risk of forced labour and child labour in its business and supply chains:

- Formed an Enterprise Risk Management Committee comprised of senior management team members including the Chief Financial Officer and Chief Operations Officer, Product Development, Operations, Technology, and Finance, to assess and review SAXX's risk profile that reports formally on a quarterly basis.
- Since 2022, utilized the HIGG Index to measure environmental and social performance. Included within the framework is a specific focus on the social impacts of forced labour or human trafficking and child labour. Additional details of the Higg Index can be found at the link below:
  - <https://howtohigg.org/brm-user-selection/brm-other-users-landing/learn-about-the-brm/>
- Mapped activities of suppliers of goods to SAXX and SAXX's importation activities.
- Developed an action plan for identifying the risks of forced labour and child labour in key business functions, and measures to mitigate identified risks. This plan includes the following planned activities:
  - Map activities within SAXX's business functions that involve or may involve producing, selling, or distributing goods in Canada or elsewhere; and importing into Canada goods produced outside of Canada
  - Assess the level of knowledge and awareness among employees engaged in such business functions as to their understanding of the risks of forced labour and child labour in SAXX's procurement, and provided refresher awareness of applicable SAXX policies and practices
  - Commence high-level due diligence reviews of the business conduct of SAXX's suppliers and procedures for addressing the risks of forced labour and child labour within the supply chain of SAXX's suppliers



**Parts of SAXX’s business and supply chains that carry a risk of forced labour or child labour being used and the steps SAXX has taken to assess and manage that risk**

SAXX utilizes third-party factories and logistics providers to handle the manufacture and transportation of SAXX-branded underwear, apparel and related merchandising products into Canada.

SAXX’s risk assessment determined there is some risk of the use of forced labour or child labour in SAXX’s third-party factories and logistics providers. This risk is directly managed by the Product Development and Global Logistics departments of SAXX. As part of its vendor management process, key suppliers and factories are obligated to abide by SAXX’s Vendor Guide and Code of Conduct, and quarterly business reviews are executed with key vendors. These reviews may include on-site visits to physically verify compliance with SAXX’s vendor agreements.

The majority of SAXX’s workforce are product and creative designers, and knowledge workers. SAXX is subject to mandatory compliance that protect against the use of forced labour and child labour in Canada, including provincial employment and human rights protections, workplace safety and occupational health and safety laws, and pay equity and transparency laws.

SAXX’s culture of a safe and harassment-free workplace is reflected in its 2023 and 2024 Great Place to Work® Certifications and has been featured on the following lists:

- 2024 Best Workplaces™ in Canada – 100-999 employees
- 2024 Best Workplaces™ with Most Trusted Executive Teams
- 2024 Best Workplaces™ for Women
- 2024 Best Workplaces™ Managed By Women
- 2024 Best Workplaces™ for Mental Wellness
- 2023 Best Workplaces™ in Retail & Hospitality
- 2023 Best Workplaces™ in British Columbia
- 2023 Best Workplaces™ for Inclusion

SAXX’s risk assessment determined there is no risk of the use of forced labour or child labour in SAXX’s direct workforce.

There may be potential risk of the use of forced labour or child labour in activities outside of the direct control and/or audit scope SAXX has with its suppliers. SAXX’s ongoing assessment of its effectiveness includes seeking from suppliers their formal affirmation of a shared commitment to fighting against the use of forced labour and child labour in their supply chains.

**Remediation Measures**

SAXX has not identified any forced labour or child labour in its business activities or its suppliers. SAXX has not had to enact any measures to provide for, or cooperate in, remediation of forced labour or child labour. Nor has SAXX had to undertake any measures to remediate the loss of income to vulnerable families connected to the use of forced labour or child labour.



## Training

SAXX's action plan includes identifying the employees whose roles or responsibilities involve or may involve producing, selling, or distributing goods in Canada or elsewhere, or importing into Canada goods produced outside of Canada for or on behalf of SAXX. As part of this initiative, identified employees will be asked to affirm knowledge and awareness of the Act and its goals and objectives, SAXX's core values as they relate to the Act, and re-affirm their commitment to preventing and protecting against the use of forced labour and child labour in SAXX's business activities and suppliers when carrying out the performance of their duties.

## Ensuring and Assessing Effectiveness

SAXX's Enterprise Risk Management Committee is charged with ensuring continued risk assessment and risk management, including compliance with regulatory requirements. A formalized Risk Register is updated, reviewed, and presented at SAXX's annual Audit Committee meeting.

To ensure that SAXX's suppliers continue to meet expectations with respect to their labour practices, SAXX intends to update its Vendor Guide and Code of Conduct to require suppliers to have policies and procedures for identifying and prohibiting the use of forced labour and child labour in their activities and supply chains, and in particular, in the supply of raw materials used in the manufacturing of SAXX products.

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## Approval and Attestation

In accordance with the Act, and in particular Section 11:

I, Tom Berry, in my capacity as Officer on behalf of the governing body of SAXX Underwear Co. Ltd., hereby attest that I have reviewed the contents of this report. Based on my knowledge, and having exercised reasonable due diligence, I attest that the information in this report is true, accurate, and complete in all material respects, for the purposes of the Act for the reporting period set out above.

I have the authority to bind SAXX.

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Tom Berry  
Chief Executive Officer,  
SAXX Underwear Co. Ltd.  
May 31, 2024

I, Adrienne Uy, in my capacity as Officer on behalf of the governing body of SAXX Underwear Co. Ltd., hereby attest that I have reviewed the contents of this report. Based on my knowledge, and having exercised reasonable due diligence, I attest that the information in this report is true, accurate, and complete in all material respects, for the purposes of the Act for the reporting period set out above.

I have the authority to bind SAXX.

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Adrienne Uy  
Chief Financial Officer & Chief Operations Officer, SAXX  
Underwear Co. Ltd.  
May 31, 2024