



# FORCED LABOUR AND CHILD LABOUR IN SUPPLY CHAINS

## 2023 ANNUAL REPORT





#### A. Structure, activities and supply chain.

This report is prepared for the entity 2811863 Canada Inc. The entity 2811863 Canada Inc. is the holding company that controls the operating companies Bula Canada Inc. and White Wave Sportswear Inc., both SME enterprises.

Bula Canada Inc. (Bula) manufactures and imports knitted and cut and sew cold weather accessories for retailers and distributors both in Canada and internationally. Bula operates a factory in Montreal with knitting, cutting, and sewing machinery for domestic production as well as imports raw materials and finished goods. Bula's sourcing-model risk factors are low in that Bula works with a small number of regular vendors from a limited number of countries and only issues purchase orders for one season annually with similar product requirements from year to year.

White Wave Sportswear Inc. (White Wave) is a licensee of the global brand O'Neill for lifestyle apparel and performance outerwear (excluding wetsuits). White Wave sells its products to both large retailers and small independents across Canada. As part of the O'Neill group of licensees, White Wave's supply chain is intrinsically tied to the O'Neill brand in that we offer many of the same products and purchase from the same vendors and factories approved and monitored by the global brand office in Europe. White Wave benefits from global due diligence efforts conducted at the global brand office in Europe as well as performed locally by the brand production office in Hong Kong. Collaborating with the brand on due diligence mitigates a higher risk-sourcing model, in that based on our size as an SME, we have many vendors from multiple countries with the new collections introduced seasonally. Additionally, White Wave produces selective custom programs with higher volumes from a small number of vendors, which we closely follow from our office in Montreal.

#### B. Policies and due diligence Processes in relation to forced and child labor.

White Wave and Bula share the same policy in relation to forced labour and child labour in adopting WRAP (worldwide responsible accredited production) principles into our Forced and Child Labor policy. WRAP principles are based on generally accepted international workplace standards, local laws and workplace regulations and include the spirit or language of relevant conventions of the International Labor Organization (ILO), the United Nations Guiding Principles on Business and Human Rights, and the Organization for Economic Cooperation and Development (OECD)'s Guidelines for Multinational Enterprises. Our policy states our commitment to respecting and protecting human rights, safety, and dignity in our own operations and throughout our supply chain. We expect the same commitment from our business partners.

Due diligence processes for Bula Canada Inc are differentiated according to domestic and imported production. For our Canadian factory, we scored a 100% on our social compliance audit conducted in August 2023 encompassing labor issues, health and safety, and environmental management. Additionally, we constantly review and update our policies and follow all Canadian regulations. For imported production, our due diligence processes include prequalifying new vendors so that fewer resources are necessary in preventing impacts once a supplier has been engaged. The prequalification process includes review of the latest factory 3<sup>rd</sup> party social compliance audit and correction action plan



(CAP letter) if relevant. Additionally, in most cases, we work with local agents who conduct site visits, inspections, and are responsible for reviewing all departments in detail including the condition of the machines and set up, safety standards, HR department and grievance mechanism, worker respect, and over-time regulations. Annually, we follow-up for updated 3<sup>rd</sup> party social compliance audits and CAP letters if necessary, and updates from our overseas agents. At this point, our due diligence process only applies to our direct suppliers (Tier 1- factory that cuts and sews the product). While we do some mapping of the supply chain, we do not follow lower Tier 2, Tier 3, and Tier 4 for due diligence purposes (Tier 2- Fabric supplier, Tier 3- Yarn Producer, Tier 4 – Fiber source).

Due diligence process for White Wave is differentiated between sourcing from the Global O’Neill Brand product line and selective custom programs developed locally in Canada. For the Global product line, White Wave relies on the due diligence efforts based on Amfori standards conducted by the brand head office in Europe including reviews of social compliance audits and approving CAP letters when needed. For custom programs developed locally in Canada, our Canadian team, in most cases, works directly with our overseas agents and local brand buying office in Hong Kong to prequalify new factories and monitor existing factories following the same due diligence process as Bula imports described above. While we do some mapping of the supply chain, we do not follow lower Tier 2, Tier 3, and Tier 4 for due diligence purposes (Tier 2- Fabric supplier, Tier 3- Yarn Producer, Tier 4 – Fiber source).

- C. The parts of the business and supply chains that carry a risk of forced labor being used and the steps it has taken to assess and manage that risk.

To determine where we have risks of forced labor and child labor in our supply chain, we reviewed the United States of America Labor 2022 List of Goods Produced by CHILD or FORCED LABOR by country of production as well as ILAB’s Comply chain and Sweat & Toil Apps and Understanding Downstream Goods on the 2022 List. Our research shows that for our product type, Garments, is at high risk for Forced Labor and Child Labor in most of the countries we import from. To manage the risk, we have put into place our Forced Labor and Child Labor Policy, established a due diligence process, require 3<sup>rd</sup> party social compliance audits annually in collaboration with the global brand office, monitor results from business partners overseas and work with local buying office and agents to conduct on site visits and inspections.

- D. Any measures taken to remediate any forced labor or child labor.

Neither White Wave nor Bula had any reported incidents during our fiscal period ended May 31, 2023, and therefore no remediation measures were required.

- E. Any 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.

With no reported incidents, White Wave or Bula had no need for any measure taken to remediate the loss of income to the most vulnerable families resulting from any measure taken to eliminate the use of forced labor or child labor in its activities and supply chains.



F. The training provided to employees on forced labor and child labor.

Both White Wave and Bula had informal discussions regularly regarding our due diligence processes with our purchasing, logistics and management teams as a method of training, as well as relying on due diligence guidelines from our retailers and the O'Neill Brand Head Office (White Wave only).

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.

White Wave Sportswear Inc.: As a licensee of the global brand O'Neill, our sourcing and supply chains are intrinsically tied to the global brand with much overlap in factories and vendors. We have collected information on the brand's due diligence processes, standards and monitoring procedures and feel confident in their ability to assess effectiveness in ensuring that forced labour and child labour are not being used in its activities and supply chains for Tier 1.

For Bula Canada Inc, 29% our production was produced in our own factory in Canada and in most cases we rely on our overseas agent to aid us in the due diligence process with regular site visits and discussions with local factory managers on any issues from audits or observations for Tier 1.



-----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 of 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.

Full Name: Leonard Marcovitch

Title: President  
2811863 Canada Inc.

Date: May 9, 2024

Signature:  \_\_\_\_\_

I have the authority to bind 2811863 Canada Inc.