



**Annual Report Under the Fighting Against Force
Labour and Child Labour in Supply Chains Act (Canada)**

May 29, 2024

Submitted by: Ariat International, Inc.

I. Introduction

This document constitutes the Annual Report (the “Report”) pursuant to Section 11(1) of the *Fighting Against Forced Labour and Child Labour in Supply Chain Act* (the “Act”) and is filed on behalf of Ariat International, Inc. and its subsidiaries (“Ariat”) covering the 2023 Fiscal Year (July 1, 2022- June 30, 2023). It outlines the actions taken by Ariat to address the risks of modern slavery¹, including forced labour and child labour, in its supply chains, as required by the laws implemented in Canada. Ariat is therefore publishing the details of the steps it has taken in its fiscal year to ensure that forced labour and child labour is not taking place in its supply chains.

II. Our Commitment

Founded in 1993, Ariat is committed to building a different breed of company, one that reflects our core values as a team and those of our consumers. Our company values have shaped our success since 1993 – a commitment to innovation, quality, integrity, teamwork and respect. We believe our values are what set us apart and have helped build Ariat into the one of the top Equestrian, Outdoor and Work brands in the world.

Ariat has always valued the integrity of our supply chain partners, many of whom we have worked with for decades. Our selection process is multifaceted, and in addition to choosing suppliers who provide quality and top-tier products, we also require that our partners treat their employees with respect and are in compliance with the law. Ariat has a zero-tolerance policy in relation to any form of modern slavery. We prohibit our employees, partners, and supply chain from engaging in, suggesting allowing or ignoring modern slavery, including forced labour, and child labour in the conduct of our business. Ariat is committed to ensuring that we have a fair and safe supply chain. This commitment is implemented through Ariat’s Social Compliance program.

III. Corporate Structure and Business Activities

Ariat is the largest equestrian footwear and apparel brand in the world. Today, Ariat’s products are sold all over the world and can be found in over 6,500 retail locations, with a team of 1200 employees located in offices in Northern California, the UK, China, and Mexico.

This report is prepared by Ariat International, Inc. a California corporation, on its own behalf and on behalf of the following subsidiaries for the Ariat 2023 Fiscal Year:

- Ariat Europe Ltd (UK)
- Ariat EU BV (Netherlands)
- Ariat Hong Kong Ltd (Hong Kong)

¹ For purposes of compliance with the Act, the phrase “modern slavery” should be understood to mean forced labour and child labour as defined in Section 2 of this Act.

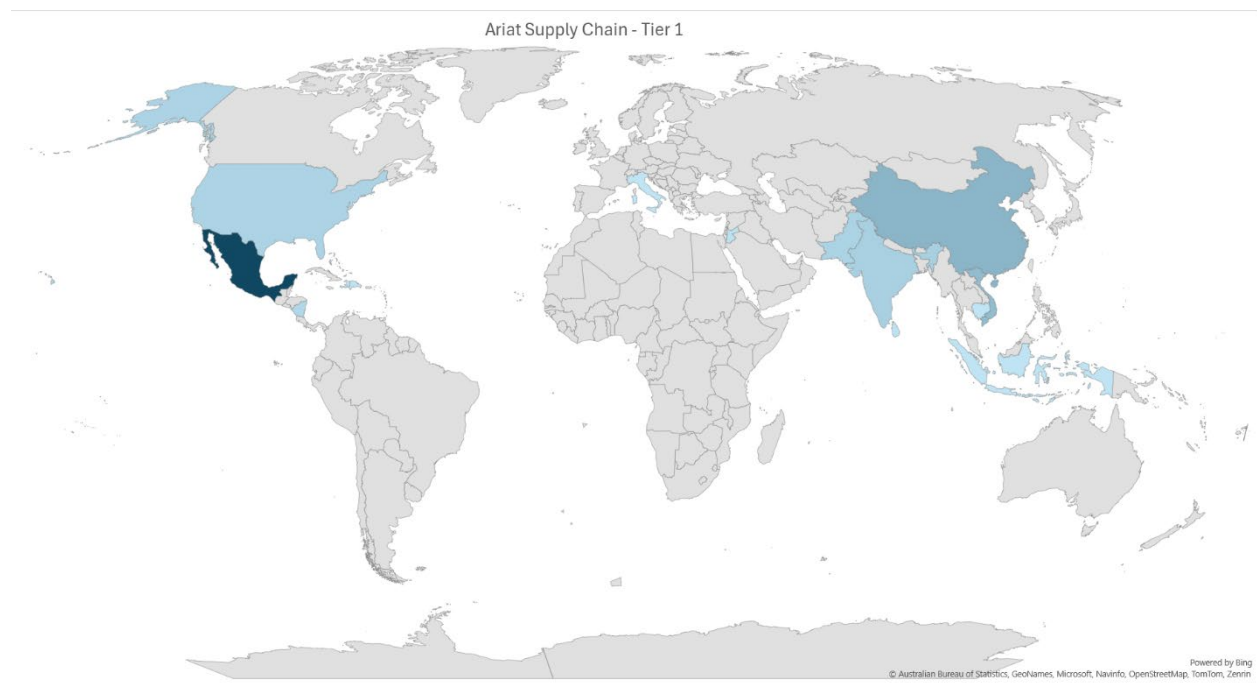
- Ariat (Dongguan) Information Consulting Co., Ltd (China)

Ariat's headquarters are located at 1500 Alvarado Street, Suite 100, San Leandro CA 94577.

IV. Ariat's Global Supply Chain

Ariat's global sourcing team is responsible for streamlining our sourcing practices, developing governance standards, and supporting our overall global sourcing and compliance strategy. We select our supply partners based on their use of industry best practices and our shared values of innovation, quality, integrity, teamwork, and respect.

Ariat works with both Tier 1 (finished goods) and Tier 2 (materials) suppliers. Ariat has 65 approved Tier 1 finished goods partners producing apparel, footwear, and accessories. We have nearly 300 approved, nominated Tier 2 material suppliers. The map below illustrates Ariat's global sourcing partnerships.



All suppliers undergo a comprehensive onboarding process, which includes, among other things, participation in our Social Compliance Program, and compliance with our Restricted Substances List. Ariat's Restricted Substances List is based on the recommendations of the Apparel and Footwear International RSL Management (AFIRM) Working Group and is updated annually to ensure that our products comply with current state and federal chemical regulations and industry best practices. Additionally, all Ariat nominated tanneries are required to pursue Leather Working Group Gold certification. The Leather Working Group is the leather industry's best practice standard for responsible water and energy consumption, restricted substances, and fair labor practices.

V. Policies and Due Diligence Processes

Ariat has established the following relevant policies to address forced labour and child labour and ensure a fair and safe supply chain:

Supplier Code of Conduct.

The foundation of Ariat's Social Compliance Program is outlined in our Supplier Code of Conduct (see appendix article 1). The Code of Conduct is provided to every prospective partner, with the understanding that compliance to our Code of Conduct is requirement of doing business with Ariat. Amongst other things, it sets out our commitment to honest, ethical, and fair working practices and prohibits the use of child labour, bonded labour, involuntary servitude or forced labour.

Forced Labour Prevention Policy.

All Ariat factories and nominated material suppliers are required to sign our Forced Labour Prevention Policy (see appendix article 2). The Forced Labour Prevention Policy requires our supply chain to commit to a complete prohibition of materials or labour from the Xingang region of China.

Conflict Minerals.

Each year Ariat executes a Conflict Minerals Survey which traces conflict minerals sourcing back to the smelter and country. In this survey, we look for areas of risk and, where applicable, follow up to our supply chain partners to ensure that Ariat's entire supply chain is free of coercion, including the use of child labour.

VI. Remedial Action Taken During FY2023

Ariat's Social Compliance Program is backstopped by our 3rd party auditing program. Ariat partners with LRQA (previously Elevate) to evaluate our factories on a bi-annual basis against local regulations, industry best practices, our Supplier Code of Conduct, Forced Labour Prevention Policy and other social impact policies. Our risk-based auditing program, which began in May 2021 is under regular review and revised accordingly. We utilize the audit results to train relevant stakeholders on social compliance topics, highlight potential risks (including forced labour or child labour), to mitigate risks through corrective action plans, and to inform sourcing and other business decisions, to ensure a fair and safe supply chain.

In fiscal year 2023, Ariat executed 27 social compliance audits. None of the audits resulted in any recommended corrective actions by LRQA related to forced labour, child labour or modern slavery.

VII. Risks of Modern Slavery in Ariat's Operations and Supply Chains

As discussed above, none of the corrective actions identified by LRQA involved the use or threat of modern slavery, the majority of which has been addressed, approved and closed. To the best of our knowledge, we have not identified risks of forced labour and child labour in our operations and

supply chains. Our risk assessment is reviewed annually with the goal of identifying possible gaps in our assessment.

VIII. Conclusion

Ariat remains committed to preventing forced labour and child labour from taking place in our businesses and in our supply chains. We will continue to review our policies, procedures and practices periodically to determine any enhancements we can make to help prevent forced labour and child labour and any other forms of human rights abuse.

IX. Approval

In accordance with the requirements of the Fighting Against Forced Labour and Child Labour in Supply Chains Act (S.C. 2023, c.9), and in particular sections 11(1) and 11(3) 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.

A handwritten signature in black ink, appearing to read 'Pankaj Gupta', written over a horizontal line.

Pankaj Gupta
Chief Financial Officer / Chief Operating Officer
Ariat International, Inc.
May 29, 2024

I have the authority to bind Ariat International, Inc.

Appendix - Article 1 – Ariat Supplier Code of Conduct

Ariat International, Inc. Social Accountability Code of Conduct

Ariat International, Inc. (“Ariat”) designs, markets and manufactures innovative footwear, apparel, and accessories inspired by its rich equestrian heritage. Ariat has evolved into an international presence by creating a corporate culture steeped in the values of integrity, commitment, honesty and fairness, treating others with respect and appreciation. As Ariat expands its presence throughout the world we insist that those we do business with meet these same standards and ethical practices associated with our heritage. Ariat suppliers will be chosen based on their sharing in our approach and values so as not to compromise the expectations of our brand and customers.

Ariat has developed this workplace Code of Conduct (“Standards”) to reflect the Ariat culture, define the standards by which Ariat will hold our suppliers, distributors, and vendors (each a “Supplier” and collectively “Suppliers”) responsible and to clearly communicate our expectations to the partners in our supply chain. This Code of Conduct establishes the minimum standards that applies to and must be met by all facilities that produce products for Ariat, or any of its subsidiaries, divisions, or affiliates.

Ariat’s suppliers agree to take responsibility for their business impacts and to take the necessary steps to comply with these Standards. Ariat reserves the right to modify these Standards at any time.

Legal Compliance

Ariat will conduct business only with suppliers that comply with all applicable local and national laws, regulations, and applicable treaties.

Ethical Compliance

Ariat expects all Suppliers to maintain the highest ethical standards and conduct business in a transparent and trustworthy manner, treat its workers with respect and dignity, and maintain a culture that prohibits conflicts of interest and the giving or receiving of gifts, gratuities, or bribes.

Human Trafficking & Slavery (Forced Labor)

All labor must be voluntary. Suppliers and their supply chain must not support or engage in slavery or human trafficking in any part of its supply chain. Without limiting any supplier obligations hereunder, Ariat suppliers shall not, and shall ensure that its partners do not, support or engage in, or require any:

- Compelled, involuntary, or forced labor, including but not limited to labor that might be required as a means of political coercion or as punishment for peacefully expressing political views;
- Labor to be performed by children;
- Bonded labor;
- Indentured labor; and
- Prison labor.

Child Labor / Young Workers

Suppliers must not employ any person under the age of 16 years or any person who is younger than the age for completing compulsory education in the country of manufacture where such an age is greater than 16 years.

Foreign Migrant Labor

Suppliers must ensure any migrant labor is authorized by host and home country and all local laws and regulations are obeyed. Suppliers must ensure local and foreign workers are treated on an equal basis and none is subject to any form of forced, compulsory, bonded or indentured labor.

Ariat International, Inc.
Social Accountability
Code of Conduct

No Harassment, Abuse or Discrimination

Suppliers shall be treated with dignity and respect.

Discrimination in any form is prohibited. Supplier shall not discriminate in hiring, compensation, training, advancement or promotion, termination, retirement, or any other employment practice based on race, gender, gender identity, national origin, sexual orientation, age, religious or political beliefs, or marital or pregnancy status, disability, or any other characteristic other than the worker's ability to perform the job.

Supplier shall not subject workers to any physical, sexual, psychological, or verbal abuse or harassment. Supplier must not condone or tolerate such behavior by its partners. Work environments must be free of intolerance, intimidation, retribution for grievances and corporal punishment.

Wages & Benefit

Suppliers must compensate all workers with wages, including overtime premiums, and provide benefits that at a minimum meet or exceed the higher of:

- The minimum wage and benefits established by applicable law;
- Collective agreements;
- Industry standards; and
- An amount sufficient to cover basic living requirements.

Payroll records for all workers must be available for review. Suppliers must comply with all applicable country specific laws or regulations requiring that workers must receive certain benefits (such as retirement benefits, health insurance, workman's compensation, etc.).

Supplier's obligation to compensate and provide benefits applies to all workers at all times, including during periods of training, apprenticeship, and probation.

Supplier must maintain proper documentation and shall:

- provide proof of payment to workers in the workers' native language showing hours worked, wage amounts and rates (regular, overtime, and bonus), and deductions;
- ensure that proof of payment is accurate, is clearly calculated, and enables workers to quickly verify the amount of payment and method of calculation; and
- maintain proper documentation of wage payments for their internal records.

Supplier shall not make any deductions from wages, except income tax withholding and those that are legally allowed.

Working Hours

Except under extraordinary business circumstances, working hours should not exceed 60 hours per week and overtime must be voluntary. In countries where the maximum work week is less, that standard shall apply. Supplier shall allow workers to take reasonable rest breaks, including bathroom breaks and reasonable lunch breaks. Worker must be entitled to one day off in each seven-day period.

Factories must record all working hours completely and accurately and make such records available for review at Ariat's request. Supplier shall use an industry-accepted time keeping system to keep track of hours worked and develop work-hour policies to ensure compliance with this Code of Conduct and applicable law.

Ariat International, Inc.
Social Accountability
Code of Conduct

The factory must ensure product stays in the production facility. Workers shall not be asked to take work to their residence, to complete work outside of established working hours; even if this work is voluntary.

Health & Safety

Suppliers must be committed to providing a safe, sanitary, and healthy working & living (if housing is provided) environment that complies with all local laws and regulations. Supplier shall implement procedures and safeguards to prevent workplace hazards, and work-related accidents and injuries, including procedures and safeguards to prevent industry-specific workplace hazards, and work-related accidents and injuries, that are not specifically addressed in these Standards.

Suppliers must train workers on proper health & safety policies and procedures that minimize negative impacts on the workplace environment.

Suppliers shall ensure that facilities meet all applicable building codes and industry design and construction standards.

Freedom of Association

Suppliers shall respect, and shall not interfere with, the right to free association, including the right to form or join trade unions and to bargain collectively without unlawful interference. Supplier shall not discriminate or retaliate against, or discipline or punish, any worker who supports, exercises freedom of association or collective bargaining rights.

Environment

Suppliers must be committed to environmentally safe practices and shall operate its facilities in compliance with all applicable environmental laws, regulations and international treaties relating to waste disposal, emissions, discharges, and hazardous and toxic material handling.

Security (Sub-contracting)

Suppliers must comply with all applicable U.S. Customs import and export laws and security processes, or any other applicable laws or security processes of jurisdictions where products will be shipped. Suppliers must inform Ariat of any intent to subcontract and under no circumstances are any prototypes, samples, or production permitted to be made by subcontractors, without written approval from Ariat. Suppliers shall be legally liable for and shall ensure that all sub-contractors adhere to Ariat's Code of Conduct.

Assessments & Monitoring

Supplier acknowledges that these Standards set out audit standards that Ariat may use to determine whether Supplier is meeting the requirements set out in this Code of Conducts.

Supplier acknowledges that Ariat or its designees may, in its discretion, conduct inspections of Supplier's records and facilities to confirm Supplier's compliance with this Code of Conduct. Ariat has no obligation to conduct inspections.

Article 2 – Ariat Forced Labour Policy



Ariat has always valued the integrity of our supply chain partners and we have no reason for concern regarding social noncompliance. However, it is our responsibility and yours to comply with all regulatory requirements. The US government has recently passed a law that will require importers to prove that products brought into the country were not produced using forced labor and specifically were not made, wholly or in part, using materials or labor from the Xinjiang region of China. This new law expands on the 2020 cotton regulation, to restrict **any** material or labor from the region. Shipments suspected of coming from the Xinjiang region or to have been produced, wholly or in part, using any materials or labor from the Xingang region will be held at customs, starting June 21, 2022. It is not currently clear what proof will be required to release a held order.

In preparation for this new law going into effect, we would like to take the opportunity to recirculate our supplier code of conduct (attached) and to highlight our expectation that labor throughout our entire supply chain is free of coercion. As an Ariat supplier, you are responsible for compliance across your entire supply chain.

In accordance with Ariat’s Supplier Code of Conduct and Supplier Agreements, we are asking that you sign this declaration in acknowledgment of the following:

- (1) Your supply chain is free of forced labor, back to the raw material
- (2) Upon request, you will provide written verification that any materials used do not originate in the Xinjiang region of China, and were not made using forced labor. This verification should include purchase orders, freight bills, warehouse receipts, certificates of origin and any other documentation that can prove the origin of the materials.

An owner or authorized officer, manager or director of your company is required to acknowledge this policy, via the Infor Nexus system, to declare your company’s compliance of the requirements herein.

Any questions should be directed to the Ariat.Compliance@ariat.com inbox.



Ariat siempre ha valorado la integridad de nuestros socios de la cadena de suministro y no tenemos motivos para preocuparnos por el incumplimiento social. Sin embargo, es nuestra responsabilidad y la suya cumplir con todos los requisitos reglamentarios. El gobierno de los Estados Unidos ha aprobado recientemente una ley que exigirá a los importadores que demuestren que los productos introducidos en el país no han sido producidos utilizando mano de obra de forma forzada y, específicamente, que no han sido fabricados, total o parcialmente, utilizando materiales o mano de obra de la región china de Xinjiang. Esta nueva ley amplía la normativa del algodón de 2020, para restringir cualquier material o mano de obra procedente de la región. Los envíos sospechosos de procedencia de la región de Xinjiang o de haber sido producidos, total o parcialmente, utilizando cualquier material o mano de obra de la región de Xingang serán retenidos en la aduana, a partir del 21 de junio de 2022. Actualmente no está claro qué pruebas se exigirán para liberar una orden de retención.

En preparación para la entrada en vigor de esta nueva ley, nos gustaría aprovechar la oportunidad para recircular nuestro código de conducta para proveedores (adjunto) y resaltar nuestra expectativa de que la mano de obra en toda nuestra cadena de suministro esté libre de coerción. Como proveedor de Ariat, usted es responsable del cumplimiento en toda su cadena de suministro.

De acuerdo con el Código de Conducta de Proveedores de Ariat y los Acuerdos de Proveedores, le pedimos que firme esta declaración en reconocimiento de lo siguiente:

- (1) Su cadena de suministro está libre de trabajo forzado, hasta la materia prima.
- (2) Cuando se le solicite, proporcionará una verificación por escrito de que los materiales utilizados no proceden de la región china de Xinjiang y no se han fabricado con mano de obra forzada. Esta verificación deberá incluir órdenes de compra, facturas de flete, recibos de almacén, certificados de origen y cualquier otra documentación que pueda demostrar el origen de los materiales.

Se requiere que un propietario o funcionario autorizado, gerente o director de su empresa reconozca esta política, a través del sistema Infor Nexus, para declarar el cumplimiento de los requisitos de su empresa.

Devuelva el formulario completado por correo electrónico a: Ariat.Compliance@Ariat.Com