EVERLANE

Everlane Modern Slavery Statement for Financial Year 2023

I. Introduction

This statement is made pursuant to Bill S-211, Fighting Against Forced Labour and Child Labour in Supply Chains Act. This statement outlines the approach and initiatives by Everlane Inc. to identify, address, and prohibit the risks of forced labor and child labor in its business operations and supply chain during the financial year commencing February 2023 and ending January 2024.

Everlane is a privately owned, direct-to-consumer brand founded in 2011 and headquartered in San Francisco, CA, USA. Everlane operates as a fashion brand and retailer, engaging in product design, sourcing, distribution, marketing, and sales. Everlane conducts global sales through its e-commerce platform (85% of business volume) and 11 brand owned and operated stores in the United States (15% of business volume). Everlane imports apparel, footwear, and accessories from manufacturing factories into its sole distribution center, a third-party logistics provider located in Ontario, Canada. Both retail stock replenishments and online customer orders are shipped from this location.

Everlane is committed to respecting human rights and ensuring our operations and supply chain are free from forced and child labor through our company mission and values, and strategic approach to sustainability and supply chain management. Our company mission and sustainability strategy serve as the foundation of our program and FY 2023 performance as it relates to mitigating and preventing risks of forced and child labor in our operations and supply chain. We transparently report on our ESG progress in our annual Impact Report, including additional activities that go beyond the scope of this report.

II. Supply Chain Overview

Everlane defines the links in our global supply chain through a four-tiered system, as outlined below:

Supply Chain Tier	Description	Visibility Level
Tier 1 (Direct Supplier)	Finished Production Assembly *Assembly and manufacturing of final products*	100% *37 Facilities in 7 countries: Brazil, Madagascar, China, Hong Kong SAR, Vietnam, Cambodia, Sri Lanka*
Tier 2 (Direct Supplier)	Materials Production *Production and finishing of materials that go directly into finished product*	100% *75 Facilities in 11 countries: Turkey, Italy, China, Madagascar, Korea, Taiwan, Japan, India, Hungary, Spain, Brazil*
Tier 3 (Indirect Supplier)	Raw Material Processing *Processing of raw materials into yarn and other intermediate products*	85% *(+20% visibility since 2021)*
Tier 4 (Indirect Supplier)	Raw Material Extraction *Cultivation and extraction of raw materials from the earth, plants, or animals*	80%+ producer group-level and/or regional visibility (ie. organic cotton producers, wool growers, silk farms, etc.) *(+30% visibility since 2021)*

A. Supply Chain Mapping Strategy & Approach

Everlane's approach to supply chain management is built on a foundation of transparency and traceability. Supply chain mapping and use of certified fibers/materials are tools we use to assess, mitigate, and prevent risks across our value chain. We rely on industry-recognized third-party certifications and standards, as well as blockchain-enabled software solutions, to verify the origin and chain of custody of our raw materials and understand relevant risks. We are also committed to building long-term relationships with growers and producer groups directly, ensuring transparency, accountability, and risk mitigation across the supply chain, whenever possible.

B. 2023 Supply Chain Visibility

Everlane maintains full visibility of Tier 1 and Tier 2 supply chain partners, achieved through supply chain mapping and verified via third-party audits, which provide due diligence and ensure compliance to human rights standards. Additionally, Everlane harnesses third-party assured certifications (such as GOTS, GRS, OCS, RWS, and RAS, among others) to verify material origin and chain of custody throughout the value chain, and industry tools such as Higg FSLM and Higg FEM to drive social and environmental enhancements, with a focus on continuous improvement.

While transparency and tracking measures are robust within Tier 1 and Tier 2 direct supplier relationships, we acknowledge the increasing complexity further upstream. This complexity is exemplified by the challenges inherent in tracing materials back to their raw sources, particularly in the apparel industry where multiple facilities and farms may contribute to the production of a single fabric. The biggest gap in Everlane's supply chain visibility begins with suppliers in Tier 3 and beyond. To address this challenge, we embarked on a full supply chain mapping exercise in 2023. Focusing on our three highest volume material types (cotton, man-made cellulosic fibers, and polymers), which collectively account for 84% of total raw material volume, we mapped each fabric to its associated Tier 3 supplier and Tier 4 country of origin/producer group. This mapping exercise employed a multifaceted approach to data collection, including a thorough documentation review to validate accuracy and completeness. This comprehensive approach enhances our understanding of the upstream supply chain, affords the opportunity to assign risks, and strengthens the ability to effectively mitigate and prevent risks of forced/child labor. By bridging the visibility gap beyond Tier 2 suppliers, we are better equipped to understand risks, address challenges, and prevent and reduce risks of forced and child labor in the supply chain. Furthermore, through a deeper comprehension of our supply chain, we can nimbly move our supply chain operations to minimize the effects of diverse disruptions, including political instability that foster environments prone to the use of forced and child labor.

Everlane's 2023 supply chain mapping exercise validated previous risk assessment findings and prioritization. This exercise allowed us to further tailor our engagement strategies accordingly, ensuring that our operations are aligned with Everlane policies and human rights due diligence.

III. Policies and Processes

Everlane maintains a robust framework and set of policies to address forced and child labor risks within the supply chain (see a list of relevant policies and descriptions below). Central to this framework is our Supplier Social and Environmental Responsibility Manual, serving as the core handbook guiding supplier conduct and expectations against our policies, reinforced by contractual agreements aligning suppliers with the Vendor Code of Conduct (VCoC). The VCoC lays out explicit expectations prohibiting Child Labor and Forced Labor (including responsible recruitment) and is aligned with the International Labor Organization's (ILO) standards for human rights.

Everlane implements a Zero Tolerance Violation policy to safeguard against forced/child labor and provides guidance for remediation to swiftly address noncompliance issues and ultimate termination of the business relationship when identified. A Do Not Source Country/Region List, which is reviewed as needed, further enhances proactive risk mitigation and prevention efforts by ensuring Everlane does not engage with suppliers in high-risk geographies for extreme labor abuse and/or subject to government sanctions.

Policies are agreed to by all direct suppliers before the start of a business relationship and maintained throughout the working relationship. Adherence to these policies and standards is monitored and assessed by our APSCA-certified third-party auditing partner, LRQA.

Policy Name	Description
Vendor Code of Conduct	Sets stringent standards aligned with ILO conventions, prohibiting child labor, forced labor, discrimination, and harassment, while ensuring health, safety, fair wages, reasonable working hours, and freedom of association for workers. The VCoC also mandates responsible and transparent subcontracting, and environmental sustainability, and condemns forced/child labor, promising immediate termination of any business relationship found in violation. The VCoC must be posted in all factories approved for Everlane production and includes an email where workers can contact the Everlane team directly to report any grievances.
Zero-Tolerance Violation Policy	Serves to safeguard against forced/child labor, and addresses several zero-tolerance violations, including denying access to assessors, bribery attempts, employing underage workers, using forced and/or child labor, engaging in physical or mental abuse, discriminating against pregnant workers, violating freedom of association, paying below minimum wages, lacking sufficient emergency exits, unauthorized subcontracting, and providing false records. The policy provides guidance for remediation to swiftly address noncompliance issues and any discovery of these violations can lead to immediate termination of the partnership.
Forced Labor Remediation Policy	Details strict guidelines prohibiting all forms of forced labor in the Everlane supply chain, including human trafficking and bonded labor. If any instance of forced labor is discovered, immediate actions are taken to ensure the worker's safety, including safe removal, connection with local authorities, and meeting of immediate needs. Following a thorough investigation, remediation steps are taken, with the supplier assuming financial responsibility for providing safe accommodations, returning documents and fees, ensuring fair compensation, and supporting the worker's successful return to work.
Child Labor Remediation Policy	Details strict guidelines prohibiting child labor in the Everlane supply chain, ensuring that at a minimum, no worker is employed who is less than the age of completion of compulsory schooling and, in any case, shall not be less than 15 years (in alignment with ILO Convention 138) and that local juvenile working age restrictions are observed. Additionally, the policy mandates that no individual under 18 engages in hazardous work/operations*. If child labor is discovered, immediate actions are taken to ensure the child's safety, including verification, safe removal, and connection with local authorities and civil society groups. Once safe, a thorough investigation is conducted, and remediation steps are implemented, with the supplier assuming financial responsibility for the child's well-being, including accommodations, health needs, and education.
Human Rights Due Diligence & Supply Chain Traceability Policy	Requires suppliers to adhere to the United Nations Guiding Principles on Business and Human Rights standards, and practice full traceability of their upstream suppliers. Suppliers are expected to conduct risk assessments, engage with workers and communities, and continuously improve their policies and practices to align with Everlane's commitments. Suppliers must also provide detailed documentation, including traceability to raw material origin, and comply with Everlane's social responsibility requirements. Failure to meet these standards may lead to partnership termination.
Commitment to Responsible Recruitment & Migrant Labor Policy	Mandates that suppliers using migrant labor agencies uphold comprehensive policies covering pre-employment, ongoing employment, and post-employment standards. This includes commitments to ethical recruitment, required reimbursement of fees, protection of labor rights, and ensures repatriation at the end of contracts. Suppliers must adhere to international labor standards and provide support, such as translators and safe storage for documents, throughout the employment period.
Grievance Mechanisms Policy	Requires suppliers to establish and maintain robust grievance mechanisms that prioritize accessibility, confidentiality, non-retaliation, impartiality, timeliness, continuous improvement, and compliance with our defined policies. Suppliers are required to define

	acceptable behavior, provide 24/7 access for anonymous reporting, and implement non-retaliation protections for workers. These mechanisms must be communicated effectively to all workers and stakeholders, ensuring a safe and effective process for reporting and resolving grievances.
No Conflict Cotton Agreement	Strictly prohibits the use of materials or labor from Uzbekistan, Turkmenistan, and the Xinjiang Uyghur Autonomous Region (XUAR) of China due to concerns regarding underaged workers and forced labor in cotton cultivation, and outlines Everlane's right to cancel orders or partnerships found in violation of this policy. The policy outlines Everlane's right to audit and request detailed documentation verifying country of origin claims for raw materials through third-party validation.
Do Not Source Country/Region List Policy	Identifies high risk sourcing countries and regions commonly associated with forced and child labor risks in the apparel and textiles sectors and which are excluded from Everlane's sourcing practices. This list is informed by reports from the US Department of Homeland Security, active US Sanctions lists, the Department of State Trafficking In Persons Report, and the ILO & UN Global Estimates of Modern Slavery: Forced Labour and Forced Marriage Report. Everlane does not source raw materials from these countries and does not work or contract with suppliers in these regions for any manufacturing needs.

In 2023, the youngest worker found in Everlane's direct supply chain was 18, as verified by third-party assured, onsite social compliance audits.

These policies are enacted to assess, prevent, and mitigate risks of forced/child labor in the supply chain, and provide instruction for remediation if/when adverse impacts are discovered. All policies are included in Everlane's Supplier Social and Environmental Responsibility Manual which is signed and agreed to by each supplier prior to the start of any business partnership, ensuring all partners are contractually obliged to abide by the mandates contained in each policy. In 2023, no evidence of forced/child labor was found, and thus no formal remediation measures were taken.

A. Policy Expectations & Contractual Agreement

It is expected that Everlane's policies are adhered to by direct (Tier 1) suppliers. The policies apply to the entire upstream supply chain, including all subcontractors and suppliers back to the farm level, and apply to all workers regardless of level, contract, or migrant status.

Direct suppliers are asked to acknowledge, through company leadership signature, their understanding, acceptance of, and commitment to enforcing Everlane policies, with the expectation that "suppliers shall hold standards of employment that respect the rights of their employees under country and international labor laws as well as Everlane Vendor Code of Conduct." Direct suppliers are contractually obligated to communicate and enforce relevant Everlane policies to indirect upstream suppliers. Everlane tracks the efficacy of this cascade approach through an internal transparency and traceability program, which includes the collection and review of verified upstream supply chain documentation, including payment and shipping invoices, to ensure accurate and transparent visibility of the supply chain.

B. Auditing Policy

Onboarding procedures involve comprehensive data collection, review, and assessments to identify potential risks before a business partnership can begin. Risk screening encompasses key indicators of forced and child labor including suppliers' contractual relationships with suppliers and labor agents.

Direct suppliers are audited annually by our third-party auditing partner, LRQA, against these policy standards, in addition to local laws and regulations. This auditing process allows Everlane to keep track of our partners' performance and progress concerning the safety and well-being of their workers, reinforcing Everlane's commitment to respecting human rights and ensuring forced and/or child labor are not part of any product or process within our supply chain. Direct suppliers are expected to enforce and monitor compliance with Everlane's Vendor Code of Conduct to indirect upstream suppliers and ensure that relevant forced/child labor risks are evaluated and monitored in line with Everlane's expectations.

Everlane operates on a model of continuous improvement; we will not work with a supplier if they do not share our values, adhere to our Vendor Code of Conduct, and demonstrate a shared commitment to improved outcomes over time. We evaluate suppliers' alignment with expectations through annual audits and risk assessments. In fiscal year 2023, Everlane has no findings of forced or child labor.

Everlane's Sustainability team meets with suppliers at least annually to collaboratively review audit results, establish pathways for continual improvement, and oversee remediation activities as necessary.

C. Internal Alignment & Governance

Everlane takes a cross-collaborative approach between Sustainability and Sourcing teams to engage suppliers effectively. This includes close partnership on the selection and approval of suppliers in the onboarding process, and ongoing regular engagements with suppliers to collect and verify sustainability information. Risk assessments and validations of forced and child labor concerns are embedded throughout the supplier engagement process, including preliminary internal sourcing risk evaluations, EiQ Country and Supplier Risk Assessments (via LRQA), and Supplier Risk Assessments (via Altana AI).

Ultimately, the governance and accountability of this work is overseen by Everlane's C-Suite Executive Team and Board of Directors. Regular updates regarding risks and program concerns are shared with the CEO, CSCO, and Executive Chair of the Board during monthly governance meetings. Everlane maintains active participation of company leadership in setting and approving the strategy and actions taken.

IV. Risk Assessment Processes

A. Initial Risk Assessment

Everlane evaluates all prospective new suppliers through an internal Initial Risk Assessment to ensure they are aligned to Everlane's VCoC expectations and assess upfront risks, including forced/child labor risks. This proactive assessment takes a country-level and supplier-specific approach to risk assessment, assigning risk through direct engagement and documentation collection, as well as data and analytics software tools, such as EiQ and Altana AI. Risk evaluation is based on a weighted scale evaluating labor conditions, wages, training, presence of recruitment agencies, environmental programs, onboarding communication, historical third-party audits and outcomes, adverse media screening, and management of any prior violations. Based on the assessment, a risk level is assigned, which determines next steps and future practices toward the vendor. High risk indicators include (but are not limited to) the presence of foreign migrant workers and the use of recruitment agencies to facilitate foreign migrant labor. In 2023, no suppliers were identified as using foreign migrant recruitment agencies.

B. Annual Risk and Verification Assessment

Onboarded and existing suppliers' risks related to forced/child labor are reassessed annually, ensuring that suppliers remain in compliance with Everlane policies and expectations year over year. The Annual Risk Assessment determines the audit plan for the upcoming year and includes:
1.   Regional and country-level risk assessment (using EiQ)
2.   Most recent third-party social compliance audit results and corrective action performance
3.   Annual supplier survey responses detailing updates or changes to labor practices from the
         previous year

C. Annual Onsite Social Compliance Audit

100% of Everlane's Tier 1 and strategic Tier 2 suppliers undergo an unannounced social compliance audit through a verified third-party auditing firm each year. If a supplier is considered to be low risk based on the Annual Risk Assessment, we may accept an equivalency audit based on a recent third-party assured audit. In these cases, we partner with LRQA to perform equivalency mapping, which takes recent third-party audit reports (must meet mutual recognition requirements) and compares the results against Everlane's auditing requirements. These equivalent reports allow for direct comparison to Everlane's standard protocol, ensuring data-driven comparability on the same grading scale for actionable next steps, while also alleviating audit fatigue. If a facility

is considered high risk based on the Annual Risk Assessment, an Everlane-sponsored in-person audit is required and conducted by our nominated third-party auditing partner (paid for by Everlane). Annual audits and equivalencies are used as a verification tactic and preventative measure to mitigate risks of forced/child labor.

D. Tools & Software for Risk Mapping

Everlane uses intelligent tools to proactively monitor risks of forced/child labor and mitigate those risks upon identification. These tools are also used to prioritize risks across the complex textile supply chain, based on inherent industry risks, country/region-level risks, raw material/commodity risks, and regulatory compliance risks.

➔ **EiQ**
Since 2021, Everlane has used LRQA's EiQ risk assessment data and analytics tool when assessing new and existing suppliers. Inherent country/region risks related to a supplier are assigned by aggregated data from various public and proprietary indices, including but not limited to: the Global Slavery Index, Workers Rights Index, and Human Development Index, as well as LRQA indices on migrant workers, wages, and freedom of association. Everlane uses the data from this tool in Initial and Annual Risk Assessment protocols to determine if suppliers meet the strict social responsibility standards and forced/child labor prevention requirements in Everlane policies.
EiQ Sentinel, part of the EiQ suite of tools, is an adverse media screening tool that scans existing and prospective suppliers for ESG controversies across the web, to identify risks and determine which sites require further due diligence.

In 2023, the most prevalent country-level risks identified via EiQ included: unauthorized subcontracting, working hours, migrant labor, and freedom of association. Everlane monitors and prioritizes these risks during our annual assessments and third-party verification audits as indicators of potential forced and/or child labor risks.

➔ **Altana AI**
Altana AI (Altana) is a supply chain intelligence software and risk management tool that Everlane onboarded in 2023. Altana provides a dynamic, multi-tier map of the global supply chain providing continuously updated information from public and proprietary data sources, which reveals product origins and supplier networks/nexuses. Altana provides key insights into risk exposure on several indicators related to forced and child labor, specifically related to ongoing regulations such as the US Uyghur Forced Labor Prevention Act (UFLPA), Canada Bill S-211, and others. Altana's dynamic approach to facility-level visibility of product and material transactions enables Everlane supply chain teams to constantly assess the presence of direct and indirect risks of forced/child labor in the supply chain. This tool helps further prioritize action plans based on region, supplier, and material/commodity for further risk assessment, mitigation, and prevention.

V. Supplier Engagement

A. New Supplier Onboarding Process

Everlane has built a supplier onboarding process that prioritizes assessment and understanding of risks related to country/region, facility, and commodity level risks of forced/child labor. Prospective suppliers are assessed via a comprehensive onboarding survey that includes Everlane's policies (listed in the policy section of this report above) and collects information for further internal review. The survey requires mandatory information and supporting documentation be shared about the prospective supplier's labor practices (including the presence of migrant labor, use of recruitment agencies, and related fees), teams responsible for CSR at the facility, grievance mechanisms, collective bargaining agreements and unions, and worker wellbeing programs. The information and supporting documentation collected is verified by Everlane, and used as inputs to the Initial Risk Assessment, alongside country/region indicators and facility-specific data. Suppliers that meet the minimum risk assessment criteria are included in our approved vendor list and reassessed annually. In 2023, 80% of prospective suppliers were onboarded due to positive outcomes on their Initial Risk Assessment and Annual Verification Audits; the remaining 20% were not pursued as a result of their risk assessment performance. One supplier was offboarded in 2023 for failure to demonstrate continuous improvement in audit results and therefore to comply with Vendor Code of Conduct expectations.

B. 2023 Performance Outcomes and Objectives

Everlane's supplier performance goals are rooted in continuous improvement and assessed against the Annual Risk and Verification Assessment. We categorize factories' annual social compliance audit results using a color-coded system, reflecting the quantity and severity of noncompliance findings as well as required corrective actions related to forced/child labor risks. We understand that not all factories will reach the highest levels of compliance at all times, so we prioritize root cause analysis, corrective actions, and continuous improvement to achieve our ultimate goal: 100% of suppliers receiving a green or yellow rating consistently year after year.
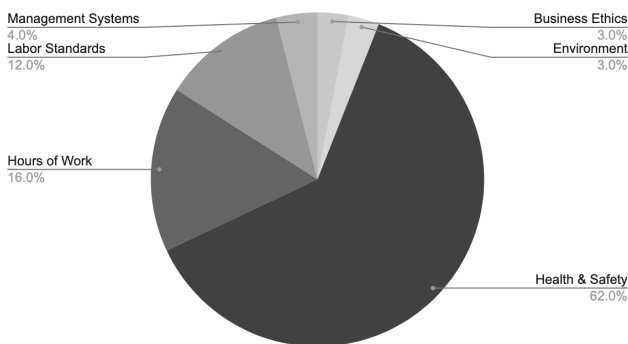
In 2023, 100% of Tier 1 suppliers ended the year having undergone an audit that received a green or yellow score, up 18% from 2022. All suppliers achieved a 100% transparency rate in their 2023 audit findings, as determined by third-party auditing grading scales. This signifies exemplary performance in maintaining/providing accurate worker identity records, authentic payroll documents, and time attendance records, which are important factors in assessing the risk of forced/child labor. These scores indicate that suppliers have a clear understanding and dedication to social compliance, are committed to continuous improvement and that audit findings were considered primarily minor to moderate. To ensure confidence in audit outcome veracity, Everlane works exclusively with third-party, APSCA-certified audit providers that undergo screening and multiple-stage examinations to ensure assessments are credible, transparent, and demonstrate a commitment to our values.

We attribute 2023 audit performance success to several factors, including: using risk assessments to inform and prioritize audit strategy, meeting with factory partners more regularly throughout the year, providing ongoing support in factories' social and labor plans, clearly communicating our expectations, and overall efficacy of our program. Notably, we invested additional efforts in capacity building and supported with root cause analyses, allowing us to target the underlying causes of noncompliances and prevent future risks. Actions taken in 2023 to consolidate vendors and prioritize long-term relationships with preferred suppliers have also proven instrumental in ensuring consistency and accountability throughout our supply chain operations.

To reinforce our internal protocols and ensure we are staying apprised of any new regulatory risks, Everlane reviews our internal risk assessment and expectations annually, gathers feedback from stakeholders, and seeks opportunities to enhance our approach.

C. Common Findings and Resolutions in 2023 Audits

2023 Audit Noncompliance Finding by Category

- Management Systems 4.0%
- Labor Standards 12.0%
- Hours of Work 16.0%
- Business Ethics 3.0%
- Environment 3.0%
- Health & Safety 62.0%

16% of noncompliance findings identified in annual audits were attributed to "hours of work" violations. To minimize and prevent risks of forced labor related to working hours at these respective factories, Everlane conducts in-depth examinations of factory staffing processes to identify the root causes of overtime demands. Our objective and the overall outcome is to ensure that management educates workers about their rights concerning overtime and rest days, emphasizing that any additional hours worked must be voluntary and not influenced by coercion.

Everlane collaborates with suppliers to identify the root causes of any issues or nonconformities and develop solutions for addressing them. We take steps to ensure that the required educational tools and change management actions are implemented effectively to drive the necessary changes. If needed, Everlane conducts additional onsite audits to ensure compliance.

As an added form of risk mitigation and grievance mechanism, Everlane works with third-party auditors to conduct anonymous onsite worker grievance assessments known as Worker Sentiment Surveys. Randomly selected workers are chosen in a secluded environment, free from management supervision or CCTV surveillance, where they can anonymously provide feedback on topics including harassment, discrimination, access to grievance mechanisms, management communication, wage fairness, and satisfaction with working hours. As an additional layer of privacy and to ensure complete discretion, workers are also give the option to

complete these surveys away from the factory on their personal mobile devices up to two days after the audit. The survey results are not disclosed to factory management, but rather are anonymized and shared directly with Everlane's Sustainability team following analysis. These surveys serve as an additional method in the risk evaluation of forced and child labor indicators, and as a means to gather direct feedback from the workers. Everlane uses the results of Worker Sentiment Surveys to more effectively address noncompliance findings and prevent risks.

D.   Corrective Action Plan Management and Re-Audit Requirements

To support factory partners in continuous improvement, Everlane offers capacity-building training and support. Training covers an in-depth review of audit results, root cause analysis of each finding, and guidance on creating a Corrective Action Plan (CAP):

Corrective Action Plans (CAPs) — Following each audit or equivalency report, an extensive CAP is generated detailing audit findings and proposed solutions. Suppliers are required to demonstrate progress toward meeting our standards and provide evidence of corrective actions within an agreed-upon timeframe based on the severity and topic of findings. Everlane requires CAP remediation for any audit score under 100%. In 2023, 89% of facilities completed a CAP, and 100% of CAPs were closed and resolved with sufficient and verified evidence. CAP resolutions are maintained and saved by the Everlane Sustainability team for progress tracking year over year.

Training Tools for Capacity Building — Everlane collaborates closely with suppliers throughout the CAP process, conducting root cause analysis, and implementing continuous improvement measures. We provide access to training and tools to facilitate effective remediation efforts, including digital learning courses through LRQA's EiQ Learn and, when necessary, partnering with local civil society experts to engage suppliers and provide tailored training.

Re-audits — Facilities failing to meet our minimum audit standards during their annual audit, those unable to sufficiently address findings in their CAPs, or those with unresolved issues requiring onsite verification of closure must undergo a re-audit conducted by a verified third-party. These re-audits are conducted to showcase tangible and timely progress, aligning with their CAP and capacity-building initiatives.

E.   Special Investigations for Critical Issues

When necessary, Everlane requires a critical issues assessment (Special Investigation) when the results of a social compliance audit reveal significant findings requiring further analysis beyond standard CAPs. These assessments, conducted by a third-party firm in collaboration with in-region civil society groups, address specific concerns or allegations related to the critical issue identified in the audit. These concerns include but are not limited to extreme flags regarding labor rights, workplace safety, or harassment claims.

In 2023, Everlane initiated one Special Investigation in response to a Worker Sentiment Survey (WSS) result indicating potential verbal and physical harassment (a risk indicator of possible forced labor) at a facility. The investigation was performed by a third-party expert and included interviews with management, production workers, union representatives, and employee representatives. A thorough review of reported grievances and a comprehensive factory walkthrough were conducted. The external investigation confirmed that workers were aware of grievance and complaint procedures, including the use of an automated and anonymous worker grievance system and annual harassment training facilitated by the in-house compliance team. Workers expressed comfort in communicating directly with supervisors or union representatives to address any future concerns. In tandem with the investigation, facility management and factory workers received extensive training from a local civil society group which covered a range of topics including respecting worker rights, preventing sexual harassment, fostering better management-worker relationships, and effective implementation of grievance policies.

The Special Investigation ultimately concluded that although some workers reported instances of verbal abuse from a supervisor more than two years prior to the WSS, the grievances raised were promptly addressed at that time with the support of union representatives and have since ceased, with no evidence of ongoing issues.

VI.   <u>Training</u>

Everlane partners with trusted third-party experts to develop and facilitate comprehensive training programs focused on assessing, mitigating, and preventing forced/child labor in the supply chain.

A.   Internal Trainings

Training sessions directed towards internal teams at Everlane cover definitions of forced/child labor and international standards, relevant legislation (such as the California Transparency in Supply Chains Act and Uyghur Forced Labor Prevention Act), and understanding what to look for to assess risk. These trainings, initially developed by a third-party expert and consultancy, also include a review of Everlane's policies, including the Vendor Code of Conduct, Do Not Source list, and No Conflict Cotton Agreement.

Relevant leaders and teams that work in Supply Chain are trained on an as-needed basis (coinciding with sourcing trips), and at least annually to ensure team members are well-informed. In 2023, the Sustainability, Sourcing, and Product Development departments, which interact directly and regularly with suppliers, participated in training on forced labor measures.

To ensure ongoing compliance with evolving risks and regulatory requirements, training materials are reviewed and updated at least bi-annually. This approach ensures that Everlane and its employees remain proactive and responsive to changes in the risk and regulatory landscape regarding forced/child labor risks.

B.   Supplier Trainings

Corrective Action Plans (CAPs)
All annual supplier social compliance audits that score less than 100% are issued a Corrective Action Plan (CAP). CAPs are tailored to each facility's nonconformities identified in the audit and include trainings to address root causes and prevent risks to various challenges, including but not limited to risks of forced/child labor, and related topics such as wages and working hours, responsible recruitment and migrant labor practices, data-gathering, reporting, and record-keeping. In 2023, facilities that were issued in-depth trainings administered by LRQA as part of their CAP were trained on the topics of Working Hours (understanding the importance of controlling working hours, identifying working hour standards, and recognizing and addressing the root causes of long hours) and Managing Wages (explaining how wages are calculated in time-based and piece-rate systems, recognizing what information should be included in pay slips, and setting wage levels that meet legal and living wage requirements).

Supplier Engagement
Members of Everlane's Supply Chain teams are in regular contact with Tier 1 and Tier 2 suppliers. Importantly, Sustainability and Sourcing teams engage directly with suppliers on auditing, audit performance, key outcomes, and progress of performance on a regular cadence of 1-3 times per supplier per year. The purpose of these meetings is to address the root causes of nonconformities identified in the audit, discuss risk analysis and opportunities, and align on preventive measures. Meetings are held with supplier staff members that are accountable for sustainability and business operations, to prevent and mitigate risks. In 2023, a total of 55 meetings were held to discuss social compliance topics, with 40 unique supplier teams engaged.

VII.   <u>Partnerships and Reporting</u>

Everlane leverages partnerships with key stakeholders, industry organizations, and third-party experts to support our work in identifying, mitigating, and preventing risks of forced/child labor in the supply chain.

LRQA — LRQA is Everlane's third-party auditing firm and host of the suite of EiQ data and analytics tools. Through our LRQA partnership, we can perform annual reviews of audit assessment findings, leverage EiQ data to capture supplier performance trends, and independently assess Everlane's activities regarding the prevention of forced/child labor.

Altana AI — Altana is an AI-powered supply chain intelligence software and risk management tool. Through this partnership, we are able to map upstream risks and supply chain nexuses on a country/region, supplier, and commodity level for further analysis and prioritization.

Industry Engagements — Everlane partners with a number of industry organizations and working groups to address the underlying causes and risks of forced/child labor in the supply chain. Industry organizations and partnerships in which we were actively engaged in 2023 include: American Apparel & Footwear Association, Fair Labor Association, Commitment to Responsible Recruitment, Cascale (FSLM), Transparency Pledge, Social & Labor Convergence Project, Coalition to End Uyghur Forced Labor, and Cotton Pledges Against Forced Labor. Everlane also engages with other brands/buyers operating in our shared supply chain and is in the process of formalizing structures and avenues for information sharing and data collection to address risks together.

Transparent Reporting — Everlane transparently and publicly reports on our ESG impacts, strategy, goals, progress, and challenges in our annual Impact Report (2023 Impact Report).

VIII.   Remedy

In 2023, Everlane performed third-party audits, worker sentiment surveys, external risk mapping, and transaction certificate documentation review for certified material origin. Following these efforts, Everlane found no instances of forced or child labor, thus requiring no formal remediation measures taken in FY 2023.

Risk assessments and best practice reviews performed in 2023 highlighted an additional area of opportunity in grievance mechanisms. As an additional mechanism for addressing grievances (on top of audited and verified forms of grievance mechanisms at the facility level), Everlane established a transparent and accessible email grievance mechanism in 2023. This email was made available to factory workers through the posted Vendor Code of Conduct. Oversight and management of this grievance mechanism, including any necessary remediation, are handled by Everlane's internal Sustainability team in collaboration with the Sourcing team, under the governance of C-suite leadership. At the time of writing this report, no grievances have been reported by workers through this email.

IX.   2024 Ambitions

As a company that prioritizes progress and continuous improvement, Everlane will continue to evolve our policies and practices to improve efforts that minimize, mitigate, and prevent risks of forced/child labor in the supply chain. In 2024, Everlane has already engaged in a formal gap analysis with LRQA to understand areas of opportunity for further forced and child labor risk mitigation and prevention. Based on this gap analysis, Everlane plans to build on the existing Child and Forced Labor Remediation policies (which address any instances of forced/child labor, should they be found) to develop a tailored action plan aligned with the ILO's 11 indicators of forced and child labor.

X.   2023 Risk Retrospective

To prepare this report, Everlane assessed our methodology and supply chain, performed in 2024 by LRQA, an external contractor. This external assessment scoped the risks of forced/child labor in Everlane's activities and supply chains. This included an evaluation of 2023 suppliers that remain active for 2024 based on a comprehensive set of criteria in alignment with the ILO's 11 indicators of forced labor, country, and product risk scores using audit performance data, EiQ assessments, and Altana intelligence. This risk assessment is being used to further Everlane's activities in our 2024 risk prevention and mitigation strategy for combating forced/child labor.

This statement is pursuant to Bill S-211, An Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act for the financial year ending on January 31, 2024. It has been issued on behalf of Everlane Inc. and approved by Everlane Inc.'s board of directors.

Signed,

Michael Preysman
Founder and Executive Chair of the Board

May 28, 2024