

iFabric Corp. #

**Fighting Against Forced Labour and Child Labour in  
Supply Chains Act (Canada) Report  
(Fiscal Year 2023)**

## **INTRODUCTION**

We are pleased to provide this report outlining the on-going actions of iFabric Corp. and its subsidiary companies (collectively "iFabric" or the "Company"), for our financial reporting period ending December 31, 2023, with regard to supporting the requirements of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* ("The Act").

## **CORPORATE STRUCTURE AND ACTIVITIES**

Headquartered in Markham, Ontario, Canada, iFabric, [www.ifabriccorp.com](http://www.ifabriccorp.com), is listed on the Toronto Stock Exchange "TSX". Its two strategic divisions offer a variety of products and services through wholly-owned subsidiaries, namely, Intelligent Fabric Technologies (North America) Inc. ("IFTNA") and Coconut Grove Pads Inc. ("Coconut Grove").

IFTNA is focused on development and sale of high-performance sports apparel, medical protective apparel, consumer protective apparel, and proprietary treatments that provide "intelligent" properties to fabrics, foams, plastics, and numerous other surfaces, thereby improving the safety and well-being of the user. Such intelligent properties include antiviral and antibacterial characteristics, water-repellence and UV protection, among others.

Coconut Grove, operating as Coconut Grove Intimates, is a designer, manufacturer, distributor, licensor and licensee of ladies' intimate apparel products and accessories.

## **SUPPLY CHAINS**

The bulk of the Company's apparel production and chemical formulation processes are outsourced to production facilities in Asia.

With regard to the Company's North American supply chain, the only major component comprises the utilization of contract warehouse facilities located in Houston, Texas, for the purposes of distributing products to customers located in the United States.

## **RISK ASSESSMENT**

With a significant portion of its supply chains located in emerging markets, there is a heightened risk of suppliers not adhering to the much higher employment standards prevalent in North America. This has led to the Company adopting its own set of employment standards, which are enforced across its supply chains. This is more fully discussed in the section below.

## **RISK MITIGATION**

iFabric is a supply partner to several of North America's largest retailers and distributors. As such, the Company is subject to rigorous conditions imposed by its customers with regard to labour standards. In particular, these standards place a heavy emphasis on the prohibition of forced and child labour. This has in turn led to iFabric adopting its own set of employment standards, which embodies the requirements of all its customers. iFabric imposes these standards across its supply chains as well as with regard to its own workforce. The employment standards adopted by iFabric contain provisions with regard to working

conditions, a prohibition against employing child labour, provisions for the protection of young workers, provisions against forced labour and a prohibition against the utilization of prison labour, amongst others.

All suppliers are required to sign a written undertaking to the effect that they and any of their commercial partners, will adhere to iFabric's employment standards as prerequisite of doing business with iFabric.

### **ASSESSING EFFECTIVENESS**

The Company remains committed to further assessing, developing and refining its policies and procedures to reduce the risks of forced and child labour in its supply chains. On a regular basis and, at least once per annum, supplier facilities are inspected by a third party, internationally recognized inspection agency, who reports directly to the management of iFabric regarding adherence by the supplier to iFabric's employment standards. If any noted deficiencies are not remedied within a reasonable period of time, the supply relationship with the supplier in question is terminated.

The Company employs a relatively small work force outside of its supply chains and the management of iFabric ensures that working conditions for its own work force comply with its labour standards. In addition, all new hires are approved by management, who ensure that these fall within the parameters of its standards.

### **TRAINING**

Given its small work force, the Company does not provide formalized training to its employees in connection with its labour standards, including those relating to the use of forced and child labour. However, all employees are made aware of the Company's employment standards and employees are encouraged to utilize the protection afforded by the Company's whistleblower policy, to report any noted breaches of the Company's standards.

### **REMEDATION MEASURES**

During the Company's 2023 financial period, it did not encounter any instances of forced or child labour within its activities and supply chains. As a result, no remediation measures were taken by the Company to assist families, with loss of income or otherwise, as a consequence of measures taken by the Company to eliminate the use of forced labour or child labour in its activities and supply chains. However, the Company is committed to providing support in the future should this be required. The level of such support will be assessed on a case by case basis.

### **STATEMENT APPROVAL**

This report was approved pursuant to subparagraph 11(4)(b)(ii) of the Act by the Board of Directors of iFabric. In my capacity as a Director, President & CEO of iFabric, and not in my personal capacity, I make this attestation in accordance with the requirements of the Act.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in this 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 period listed above.

Signature

*(signed) Hylton Karon*

I have the authority to bind iFabric Corp.

Hylton Karon

Director, President & CEO

Date: May 1, 2024