



**FIGHTING AGAINST FORCED LABOUR AND CHILD
LABOUR IN SUPPLY CHAINS REPORT**

2023 Annual Report

Introduction

This joint report is filed by Kits Eyecare Ltd. on behalf of itself and Kits.com Technologies a wholly owned subsidiary. (collectively, the “Company” or “KITS”) This report is prepared pursuant to Section 11 of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the Act).

The above-mentioned entities hereby report on the measures undertaken in their preceding financial year ended on December 31, 2023, aimed at preventing and reducing the risk of forced labour or child labour within their supply chain process. This encompasses activities within Canada as well as goods imported into Canada.

KITS is devoted to advocating for labor practices that safeguard the safety and human rights of workers, while also working to prevent and mitigate the risks of forced labour and child labour within our operations and supply chains.

Actions to prevent and reduce the risk of forced labour and child labour

During our financial year ending on December 31, 2023, KITS has implemented the following measures to prevent and mitigate the risk of forced labour and child labour within our operations and supply chains:

- Conducted a comprehensive review of our operations to identify all activities involved in the production and sourcing of goods.
- Mapped our direct suppliers and continued monitoring to assess the risk of forced labour or child labour at each stage.
- Conducted an internal assessment to evaluate the risk of forced labour and child labour within our own organization.
- Initiated a review of internal recruiting policy to ensure that all workers are recruited voluntarily and are not subjected to forced labour or child labour.
- Developed and implemented due diligence policies and processes to identify, address, and prohibit the use of forced labour and child labour in our activities and supply chains.
- Initiated ongoing improvements to internal supply chain processes, policies, and training.
- Developing anti-forced labour and anti-child labour contractual clauses for our direct suppliers.
- Requiring our suppliers to have policies and procedures in place for identifying and prohibiting forced labour and child labour in their activities and supply chains.
- Collaborating with supply chain partners to address the issue of forced labour and child labour.

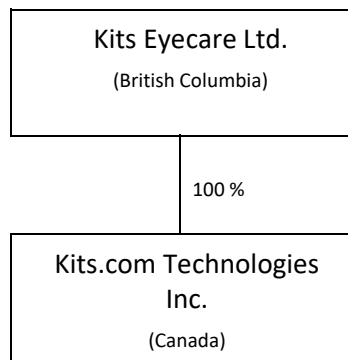
Structure, Business and Supply Chain

Structure

Our company was founded in British Columbia, Canada, and was incorporated in 2018 as Kits Eyecare Ltd. under the Business Corporations Act (British Columbia). Our subsidiary, LD Vision Group Inc. ("LD Vision Group"), which we acquired in 2019, was incorporated under the Canada Business Corporations Act in 2002. In 2019, LD Vision Group changed its name to Kits.com Technologies Inc.

After the completion of the initial public offering in January 2021, the Company started trading on the Toronto Stock Exchange (TSE: KITS). As of December 31, 2023, we had 143 employees, all employed in British Columbia.

The following chart identifies our wholly owned subsidiaries (including the percentage of votes attaching to all voting securities beneficially owned or controlled or directed and jurisdiction of formation or incorporation):



Activities

KITS was founded in October 2018 to bring complete vision care to eyes everywhere, unlocking convenience and choice. We offer our KITS community in Canada and the USA access to a vast selection of the highest quality contact lenses and eyeglasses. We operate a network of optical e-commerce websites, including KITS.com, KITS.ca, OptiContacts.com and ContactsExpress.ca

Our efficient digital platform, backed by our in-house design, distribution, and state-of-the-art manufacturing, removes intermediaries and enables us to offer the highest quality products, fast service, great prices, and deliver made-to-order personalized products with incredible care and accuracy.

Supply Chains

Supply chains play a pivotal role in our operations. The components and product that KITS purchase, and imports are essential to fulfill our commitment to our customers. Most of the products are sourced from North America while some is imported from Asia.

KITS Strives to work with suppliers, business partners and third parties to source a wide range of goods and services, which includes: Contact Lenses, Frames, Lenses, Accessories, Packaging, Spare Parts and Maintenance.

Policies and due diligence processes

We believe that fostering good governance serves as the foundation for promoting a culture of respect and inclusivity within our organization, thereby earning trust and fostering value for all those involved. We also recognize that respecting human rights is a shared responsibility of all enterprises regardless of where they operate globally. This corresponds with our Purpose, Vision, and Values, which have consistently guided our policies and actions over time.

Policies

The following policies form a framework of standards required of our Board of Directors, officers, employees and suppliers to ensure human rights are respected and to identify and address any risks in our operations and supply chains:

Code of Conduct - Directors, officers, employees, and contractors are obligated to perform their duties and fulfill their responsibilities with honesty, integrity, and adherence to all relevant laws and regulations.

Workplace standards, health and safety – Ensure proper, safe and healthy working conditions to all employees and take adequate steps to prevent accidents and injuries.

Compensation and working hours: - Ensure that work performed shall be based on a recognized employment relationship established in compliance with applicable laws, regulations, and practices as well as international labor standards. Compensate all employees by providing wages, overtime pay and benefits, which as a minimum complies with the requirements set out in applicable laws and regulations. Comply with all applicable laws, regulations and mandatory industry standards pertaining to working hours.

Forced and compulsory labour – provides guidelines and support in respect of human rights throughout our workforce in compliance with article 2 of forced labour convention, adopted in Geneva in 1930, to ensure that all work is conducted voluntarily and not under threat of any penalty or sanction and refrain from using forced or compulsory labour in all its forms.

Child Labour - provides guidelines regarding the minimum age of hiring workers at our operations, to comply with legal requirements.

Non-discrimination and harassment - Discrimination, harassment, and abuse are not tolerated, and KITS is committed to treating employees with respect and dignity and not to discriminate in hiring and employment practices. Similarly, we expect our Suppliers to treat all employees with respect and dignity.

Compliance with competition laws and anti-bribery laws - Adhering to strong ethical standards and complying with relevant laws and regulations are fundamental to KITS's business operations. Accordingly, our Suppliers must comply with all applicable laws and regulations, including competition laws and regulations. Furthermore, our employees and suppliers must never, directly or through intermediaries, offer or promise any form of personal payments or bribes to obtain or retain business.

Environment - KITS strives to minimize the adverse environmental impacts of its activities, products and services and will actively seeks the same from its Suppliers in accordance with the environmental laws and regulations.

Whistleblower policy - requires reporting of actual or suspected material violations of the Code of Conduct or material legal or regulatory obligations.

Due Diligence Processes

KITS is dedicated to fighting against forced labour and child labour. We actively perform risk assessment and due diligence assessments throughout our value chain to identify, address, and minimize potential human rights concerns. Below is an overview of the due diligence procedures conducted to evaluate risks within our supply chains:

- Engage with our direct suppliers to assess, mitigate and prevent the risk of human rights violations.
- Our direct product suppliers are required to agree and sign a statement of compliance to our Supplier Code of Conduct.
- KITS reserves the rights to conduct audits on our direct suppliers to ensure compliance with these policies.
- At our operations, periodic review is performed to ensure the compliance with our internal human rights policy and code of conduct.

Forced labour and child labour risk assessment

KITS operations are in relatively low-risk jurisdiction, based on our assessment process, we believe that the risk of forced labour and child labour among our personnel is low.

However, we acknowledge that the greater risk exposure to forced labour and child labour is through suppliers, and the primary sources of these risks come from procuring goods in higher risk geographies. We are dedicated to enhancing our awareness of supply chain risks. This involves conducting research, mapping our supply chain with available data, and gathering input from manufacturers and distributors.

Remediation measures

Based on the mapping of our main suppliers and our operations, KITS has not identified any evidence of forced labour or child labour in its business or supply chain. We therefore did not need to take or implement any remediation measures in the 2023 fiscal year.

Employee Training

Throughout the reporting period, we conducted presentations for essential members of both the human resources and supply chain teams, focusing on explaining the purpose and essence of the Act, as well as outlining measures to alleviate the risk of forced labour or child labour within Kits operations and supply chains. In the upcoming year, we plan to extend training sessions to encompass all employees, addressing the critical issues of forced labour and child labour.

Assessing Effectiveness

We have put initiatives in place to determine the effectiveness of the policies and assessments to ensure forced labour and child labour are not being used by setting up regular review or audit of the policies and procedures. The Company is working on expanding those measures in the coming year.

Approval and attestation

This report has been approved by the Board of Directors of Kits Eyecare Ltd. 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 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.

I have the authority to bind Kits Eyecare Ltd.


Roger Hardy (May 16, 2024 10:46 PDT)

Roger Hardy
Chairman of the Board, Director and Chief Executive Officer
May 16, 2024






KITS - Forced Labour in Canadian Supply Chains Report - FY2023

Final Audit Report

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