



Native Canada Footwear Ltd

FORCED LABOUR REPORT 2023

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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 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.

Kyle Housman
Chief Executive Officer

Date

5/29/2024

Signature



I have the authority to bind Native Shoes

Native Shoes Company Information

Reporting entity's legal name: Native Canada Footwear Ltd.

Financial reporting year: July 1st, 2022 - June 31st, 2023

Business number(s): 85102-2855

Identification of a joint report: N/A

Identification of reporting obligations in other jurisdictions: N/A

Entity categorization according to the Act: Generated at least \$40 million in revenue

Sector/industry: Footwear

Location: Vancouver, British Columbia, Canada

Canada Forced Labour Report Summary

The government of Canada has implemented a new act to address the use of forced and child labour in global supply chains. Canada's Modern Slavery Act (formerly known as Bill S-211, An Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff) recently received royal assent.

Native Shoes has not had any instance of forced or child labour and we are proud to share the steps we have taken to ensure our social compliance and mutual respect in our supply chain. We understand that the footwear sector holds risks of forced labour, and we have taken the necessary steps to reduce those risks through our supplier code of conduct and our auditing partners. The following information encompasses the questionnaire questions and answers provided by the Government of Canada, which outlines the actions we have taken in our fiscal year 2023 (July 1st, 2022 - June 31st, 2023) to prevent and reduce the risk of forced or child labour. This includes detailing the structure of our business, our policies, and due diligence processes implemented to safeguard against such practices.

We provide insights into the comprehensive training programs we offer to our employees, aimed at raising awareness and understanding of these critical issues. At Native Shoes, we remain committed to upholding the highest standards of ethical conduct throughout our operations, reaffirming our dedication to social responsibility.

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1. The steps the entity has taken during its previous fiscal year to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods in Canada or elsewhere by the entity or of goods imported into Canada by the entity.

Native Shoes' manufacturing partners have either signed a Native Shoes Code of Conduct and Forced Labour Prohibition contract or have presented to the us, a passing third party social compliance audit. Examples of third-party audits that Native Shoes accepts are Disney ILS (International Labor Standards), Better Work, SA8000, BSCI, or equivalent. The Disney ILS programme focuses on ensuring fair labour practices in factories producing Disney-branded products. The program includes annual audits and monitoring to assess compliance with Disney's Code of Conduct, which covers areas such as child labour, forced labour, health and safety, and wages. Similarly, the Better Work organization aims to improve working conditions and labour rights in the global garment industry through assessments, training, and advocacy. Better Work conducts an official audit annually, with visits every other month, and an official assessment report issued twice yearly ensuring compliance with labour standards and offers advisory services to help with remediation.

2. Its structure, activities, and supply chains

Native Shoes is a corporation with a functional structure in the footwear sector with 50 employees. In fiscal 2023 our manufacturing partners were based in China and Vietnam. Third party contract distribution centers are located Fontana, California, USA and Surrey, British Columbia in Canada. Additionally, we had retails store in Nantucket, United States and Vancouver, Canada (Vancouver location permanently closed as of September 2023).

3. Its policies and due diligence processes in relation to forced labour and child labour.

The Native Shoes Code of Conduct clearly explains the brand's requirements concerning social compliance standards. Native Shoes uses these standards as an integral part of how we

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approach our sourcing strategies and evaluation of factory performance. Through this practice, Native Shoes endeavours to work with vendors who understand that meeting these standards is a critical base from which manufacturing leadership, continuous improvement and self-governance must evolve.

Native Shoes is committed to collaborate with vendors to help build a leaner, lower impact, more empowered, and equitable supply chain. Native Shoes makes a commitment to reduce waste, use resources responsibly, support worker rights, and advance the welfare of workers and their communities. Native Shoes partnerships are based on transparency, collaboration, and mutual respect. Native Shoes Code of Conduct binds our vendors to the following standards, which we believe, are essential to reach the above goals:

- **Forced Labour is Prohibited:**

The vendor does not use any kind of forced labour, including prison, indentured, bonded, or any other forms of forced labour. The vendor is responsible for employment eligibility fees of foreign workers, including recruitment fees.

- **Regular Employment is provided:**

Work is performed based on a recognized employment contract, based on country law and practices. The vendor cannot use any form of homework arrangement to produce any Native Shoes branded or affiliated product.

- **Child Labour is Prohibited:**

Employees are at least 16 or over, the age of completion of compulsory education, or country legal working age, whichever is higher. Employees under 18 are not employed in hazardous conditions.

- **Discrimination is Prohibited:**

Employees are not subject to any form of discrimination in employment, including hiring,

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compensation, promotion, or discipline, based on gender, race, religion, age, disability, sexual orientation, pregnancy, marital status, nationality, political opinion, trade union affiliation, social or ethnic origin or any other status protected by country law.

- **Freedom of Association is respected:**

To the extent permitted by the laws of the country of manufacture, the vendor respects the rights of its employees to freedom of association and collective bargaining. This included the right to form and join trade unions and other worker organizations of their own choosing without harassment interference, or retaliation.

- **Wages and Benefits are provided and paid Timely:**

Employees are paid timely, minimum wage or more as required by country law and provided legally mandated benefits, including holidays, leaves, and statutory severance when employment ends.

- **Disciplinary Practices are not Tolerated:**

There are no disciplinary deductions from pay. Employees are treated with respect and dignity. Employees are not subject to physical, sexual, psychological, or verbal harassment or abuse.

- **Working Hours cannot Exceed:**

Employees shall not work more than 60hrs/week, or the regular and overtime hours allowed by the laws of the country of manufacture, whichever is less. Overtime hours are consensual and compensated at a premium rate. Employees are allowed at least 24 consecutive hours rest in every seven-day period.

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- **Health and Safety at Work is Expected:**

A safe, hygienic, and healthy workplace is provided. The vendor takes necessary steps to prevent accidents and injury arising out of, linked to, or occurring in the course of work, or because of the operation of the vendor's facilities. The vendor has implemented systems to detect, avoid, and respond to potential risks to the safety and health of all employees.

- **Environmental Impact is Constantly Monitored:**

Native Shoes vendors are obligated to protect human health and the environment by meeting applicable regulatory requirements including air emissions, solid/hazardous waste, and water discharge. Reasonable measures to mitigate negative operational impacts on the environment are implemented.

- **The Code is fully Implemented:**

As a condition of doing business with Native Shoes the vendor shall implement and integrate this code and submit to verification and monitoring. The vendor shall post this code in the language(s) of its employees, prominently in all major workspaces. The vendor shall train employees on their rights and obligations as defined by this code of conduct. This code of conduct is applicable to all Native Shoes branded or affiliated products.

4. The parts of its business and supply chains that carry a risk of forced labour or child labour being used and the steps it has taken to assess and manage that risk.

Native Shoes has identified potential risks of child labour and forced labour within our business operations and supply chains, continuously monitoring and striving to anticipate emerging risks. Specifically, within the apparel industry, where such risks are prevalent, and in the manufacturing process of our EVA footwear particularly in operations based in China and Vietnam, we have assessed and managed these risks.

We recognize that risks extend beyond our Tier 1 and Tier 2 suppliers and have received social

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compliance audits from select Tier 4 suppliers.

5. Any measures taken to remediate any forced labour or child labour.

We have not had any instance of forced labour or child labour in our supply chain.

6. 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 labour or child labour in its activities and supply chains.

Not applicable. We have not identified any loss of income to vulnerable families resulting from measures taken to eliminate the use of forced labour or child labour in our activities and supply chains.

7. The training provided to employees on forced labour and child labour.

Disney ILS and Better Work training is mandatory. The training on forced labour and child labour involves educational workshops, training modules, awareness campaigns, materials and resources, and regular follow-ups and monitoring support. The training programs with both organizations aim to empower employees with the knowledge necessary to identify, prevent, and address forced labour and child labour within their operations and supply chains.

8. How the entity assesses its effectiveness in ensuring that forced labour and child labour are not being used in its business and supply chains.

At Native Shoes, we employ a comprehensive approach to assess the effectiveness of our efforts in preventing the use of forced and child labour within our business and supply chains. This includes establishing regular reviews of audits, policies, and procedures, ensuring they remain aligned with industry best practices.

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We track relevant performance indicators, such as levels of employee awareness, numbers of cases reported and solved through grievance mechanisms and numbers of contracts with anti-forced labour and child labour clauses.

We recognize the importance of external independent audit reviews. For that reason, we partner with reputable external organizations to conduct audits of our manufacturing partners, ensuring adherence to ethical standards.

In collaboration with our suppliers, we actively measure the effectiveness of their actions in addressing forced labour and child labour through relevant performance indicators to continue to foster continuous improvement and accountability in our supply chain.