
2023 Annual Report Under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*

This report is made on behalf of Psycho Bunny Inc. (“**Psycho Bunny**” or “**our**” or “**we**”), pursuant to Section 11 of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “**Act**”) to address the steps Psycho Bunny has taken during our last financial year, being from January 29, 2023 to February 3, 2024, 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 Psycho Bunny, or of goods imported into Canada by Psycho Bunny. This report has been approved by the Board of Directors of Psycho Bunny.

Structure, activities and supply chains

Psycho Bunny is a Canadian corporation incorporated under the *Canadian Business Corporations Act* as of January 6, 2021.

Psycho Bunny operates as a direct-to-consumer business in the retail and wholesale sector and designs, manufactures and sells luxury menswear and kids wear in more than 15 points of sale in Canada, with over 250 Canadian employees. We also have a strong US presence, with over 300 points of sale and 800 employees, and partnerships in Latin America, the Middle East, the United Kingdom and Japan.

We source our Pima cotton from Peru and we manufacture the majority of our cotton polos, button down shirt and t-shirts in Peru, while our fleece, French terry and select knit products and accessories are manufactured in China, and outdoor and a minority of other commodities are manufactured in Portugal, Turkey or Vietnam.

Policies and due diligence processes in relation to forced labour and child labour

Psycho Bunny opposes all forms of forced labour and child labour. As a first step to prevent and reduce the risk of forced labour and child labour in relation with our activities and supply chain, we conducted an internal review of where any associated risks could be present. We then communicated with our suppliers during the reporting period, requesting a) their third-party audit reports performed in the last twelve months on social compliance and responsibility, and b) any corrective action plans or measures taken subsequent to the findings of their third-party audits. Failure by any of the suppliers to provide such audit reports resulted in a request to remedy the situation and keep us apprised of the steps taken to do so.

Following our communication with our suppliers, we are actively working towards developing and implementing a Code of Conduct which will enforce our commitment to responsible sourcing to ensure that all those involved in our supply chain are not subject to forced or child labour, benefit from a safe working environment and adequate wages. We also intend to work with an independent accredited auditor that will monitor suppliers to ensure compliance with our Code of Conduct. Ultimately, we would have a policy stating that if a supplier does not remedy any identified use of forced or child labour, Psycho Bunny reserves its right to terminate the relationship.

Parts of the business and supply chains that carry a risk of forced labour or child labour being used and the steps taken to assess and manage that risk

Psycho Bunny acknowledges that there is risk in not systematically monitoring suppliers, or monitoring beyond the finished product manufacturer. This upstream part of the business may pose the greatest risks for forced labour or child labour within our supply chain. We recognize that the implementation of a program requesting our suppliers to provide us with documentation tracing their procurement of the raw materials required to produce our Psycho Bunny branded products may mitigate this risk.

Measures taken to remediate any forced labour or child labour

Psycho Bunny has not been able to identify any forced labour or child labour in our activities or supply chain, and as such, no measures have been taken to remediate force labour or child labour.

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 activities and supply chains

Psycho Bunny has not been able to identify any loss of income to vulnerable families resulting from efforts to prevent and reduce the risk of forced labour or child labour in our activities or supply chain, and as such, no measures have been taken to remediate any such loss.

Training provided to employees on forced labour and child labour

Psycho Bunny is currently not providing training to employees on forced labour and child labour, but will be creating with an external organization a mandatory training session on forced labour and child labour for all employees. In addition, an employee training on the Code of Conduct is anticipated.

How effectiveness is measured in ensuring that forced labour and child labour are not being used in business and supply chains.

The steps Psycho Bunny will use to measure its effectiveness in the next reporting period that forced labour and child labour are not being used in its activities and supply chains will be to a) create a Code of Conduct focusing on employee working conditions, benefits, health and safety, security and forced and child labour, b) request that our suppliers accept and sign the Code of Conduct on an annual basis, c) perform audits by independent accredited auditors and deploy a corrective action plan as needed, d) implement an on-boarding process with vetting requirement of our suppliers, and e) introduce a performance score card to measure the effectiveness of suppliers regarding compliance related matters.

Approval

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 Psycho Bunny Inc. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in this 2023 Annual Report under the Act is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

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Anna Martini
Chief Executive Officer
May 15, 2024

I have the authority to bind Psycho Bunny Inc.