



ANNUAL REPORT

PURPOSE

This annual report for the 2023 financial reporting year has been created by the Tilley Endurables, Inc. ("Tilley") for the sole purpose of meeting its obligations and reporting requirements for entities pursuant to the *Fighting Against Forced Labour and Child Labour in Supply Chains Act, SC 2023, c 9* (the "Act").

OUR COMMITMENT

Tilley is committed to preventing and reducing the risk that forced labour or child labour is used at any step in the production of goods in Canada or elsewhere, including goods that Tilley imports into Canada.

CATEGORIZATION, SECTOR, AND INDUSTRY

Tilley is an Entity Under the Act

In terms of the Act's threshold requirements, Tilley has at least \$20 million in assets for at least one of its two most recent financial years and has generated at least \$40 million in revenue for at least one of its two most recent financial years.

Our Operations

Tilley is a hat and apparel company encompassing manufacturing, internet/mail order, and wholesale trade with operations in Canada, Australia, the United States, and the United Kingdom.

Tilley engages in selling and distributing goods both inside and outside of Canada. Additionally, Tilley imports goods into Canada that were originally produced outside of Canada. Tilley also controls both Tilley Endurables Corp. (United States) and Tilley Endurables Limited (United Kingdom) who are both engaged in selling and distributing goods outside of Canada.

STRUCTURE, ACTIVITIES, AND SUPPLY CHAINS

Our Supply Chain

Tilley primarily imports materials used to manufacture hats and apparel (such as textiles, leather, and trim raw materials) as well as other manufactured products such as hats, footwear, accessories, and other forms of apparel/clothing. Tilley utilizes a large network of both domestic and global suppliers and sources goods from the regions of Asia, Europe, and North America.

Steps Taken by Tilley in 2023

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, or of goods imported into Canada, Tilley assessed the risks associated with forced labour and/or child labour in its activities and supply chains. Specifically, Tilley received copies of factory audit reports from its vendors. These factory reports include, among other things, a review of whether child labour or forced labour is used in the production process. Tilley also maintains various policies and processes that help to mitigate the risk of child labour and forced labour, which are discussed below.



POLICIES AND DUE DILIGENCE PROCESSES

Tilley Policies and Processes

Tilley maintains several policies and processes which affirm its commitment to abiding by applicable forced labour and child labour laws, including:

- (a) Maintaining a Vendor Code of Conduct (the “Code”) with a guiding principle of ensuring that Tilley’s Vendors strive to conduct their business in accordance with the highest possible ethical standard. The Code has explicit prohibitions against child labour and stipulates that vendors and their sub-contractors must not employ a worker under the applicable legal age required for work. Vendor factories are also prohibited from using any form of illegal or forced labour and stipulates that vendors must comply with all local laws and regulations. Additionally, the Code also gives Tilley the ability to visit factories to ensure compliance with the Code and related policies. Any non-compliance with the Code gives Tilley the right to terminate the business relationship.
- (b) Securing audit reports from various international auditing agencies in order to assess the use of child labour and forced labour within vendor organizations. Each manufacturing partner must also submit valid certification from these agencies annually to ensure compliance.
- (c) Maintaining a physical security policy to ensure restricted company areas are only allowed to be accessed by approved and/or escorted guests. This greatly reduces the risk of third-party contractors who service Tilley from using child or forced labour while on the Tilley premises.
- (d) Maintaining an employee handbook which mandates that all Tilley employees must conduct all Tilley transactions in an ethical and lawful manner. The handbook itself is supplementary to all applicable federal and provincial legislation.

Taken together, the above policies and procedures help to reduce the risk of child labour and forced labour in Tilley’s operations and supply chain.

FORCED LABOUR AND CHILD LABOUR RISKS

Tilley has started the process of identifying risks of forced labour and child labour through the aforementioned Code, audit reports, security policy, and employee handbook. However, Tilley is aware that certain regions, goods, and industries may have higher risks of child labour and/or forced labour and it remains committed to addressing these risks.

REMEDIATION MEASURES

Tilley has not identified any forced labour or child labour in its activities or supply chains. As such, it has not undertaken any remediation measures.

REMEDIATION OF LOSS OF INCOME

Tilley has not identified any loss of income to vulnerable families resulting from measures taken to eliminate the use of forced labour or child labour in its activities and supply chains. As such, it has not undertaken any remediation measures for loss of income.



TRAINING PROVIDED TO EMPLOYEES

In the fiscal year 2023, Tilley did not provide training to its employees specific to forced labour or child labour. Moving forward, it will be assessing what related training may be appropriate.

ASSESSING EFFECTIVENESS

Tilley does not currently have specific policies and procedures in place to assess its effectiveness in reducing and/or eliminating the risk of child labour and/or forced labour in its supply chain. However, as outlined above, the policies and procedures that are currently in place do reduce the risk that child labour and/or forced labour is present in Tilley activities and supply chain.

APPROVAL AND 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 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

IN WITNESS WHEREOF the authorized signing officer(s) of Tilley Endurables, Inc. have executed this report as of the effective date of the signatures set out below.

SIGNED

May 30, 2024
Date

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TILLEY ENDURABLES, INC

Per: 

Name: Joseph Mimran

Title: Office of the President

I have authority to bind Tilley Endurables, Inc.