

Statement on Child Labor, Forced Labor, Modern Slavery and Human Trafficking Report for 2023

1. Introduction

Carhartt WIP is committed to conducting business in a fair and ethical manner, in compliance with all applicable national and international laws and regulations, with an overall mission to protect the hardworking people who make its products. Consistent with this mission, Carhartt WIP has established its Code of Conduct as a minimum set of standards for Carhartt WIP suppliers. Carhartt WIP's Code is based on internationally accepted labor standards, including the International Labor Organization's Core Conventions and the Universal Declaration of Human Rights. Carhartt WIP's due diligence work is guided by the United Nations Guiding Principles on Business and Human Rights and the Organisation for Economic Co-operation and Development's Guidelines for Multinational Enterprises on Responsible Business Conduct.

This statement outlines Carhartt WIP's efforts to address child labor, forced labor, modern slavery, and human trafficking and is developed in compliance with the following global transparency ordinance and act(s) that are applicable to Carhartt WIP. Specifically, this report covers the period January 1, 2023 to December 31, 2023.

- Art. 964j-k of the Swiss Code of Obligations and the Swiss Ordinance on Due Diligence and Transparency in Relation to Minerals and Metals from Conflict-Affected Areas and Child Labor (in scope is the Child Labor part of the Ordinance)
- Canada Fighting Against Forced and Child Labor in Supply Chains Act
- Australia Modern Slavery Act
- UK Modern Slavery Act
- California Supply Chain Transparency Act

2. History / Company Overview

Established in 1994 in Switzerland, Carhartt Work In Progress (WIP) develops its own fashion collections based on original Carhartt workwear. The brand combines authentic adaptations of these robust American archetypes, while engaging with the subcultures that have embraced it. Carhartt WIP opened its first store in London in 1997 and today operates over 80 brick and mortar locations worldwide.

The company employs 2,300 persons, of which 1,200 work at one of the 3 company-owned manufacturing sites in the Monastir region of Tunisia. This region has been an important hub of our manufacturing operations for over three decades. Working with experienced local management, we have established a logistical platform, as well as two factories, which are considered industry benchmarks in Tunisia. Like most apparel brands, Carhartt WIP also works

with around 140 suppliers and manufacturers globally, and typically relies on long-term relationships based on trust and mutual respect. Beyond direct suppliers, Carhartt WIP also works with component suppliers which are classified into nominated suppliers (suppliers with whom Carhartt WIP has a direct relationship) and non-nominated suppliers (suppliers that are managed by direct suppliers and with whom Carhartt WIP does not have a direct business relationship). In 2023, Carhartt WIP identified approximately 350 component suppliers.

3. Policies

Carhartt WIP prohibits all forms of child labor, forced labor, slavery, trafficked labor, or labor otherwise obtained by force, fraud, or coercion -- indentured, bonded, or otherwise in the supply chain.

Carhartt WIP implemented its first Supplier Workplace [Code of Conduct](#) in 2015 which represents the foundation of its work in the supply chain. The Code of Conduct is embedded in the [Supplier Social Responsibility manual](#) which explains in detail Carhartt WIP's requirements.

[Section 3](#) of the Code of Conduct defines its standard regarding "forced labor" which is defined as slave labor, prison labor, indentured labor, bonded labor, human trafficking and similar conduct. In addition to section 3, Carhartt WIP has established a Migrant Labor Policy that ensures that migrant workers are not responsible for paying fees or expenses to secure or maintain employment with the factory at any point during the employment cycle. The Migrant Labor Policy provides more detailed guidance to suppliers on the requirements for the responsible recruitment of migrant workers, and how to address this in a comprehensive and sustainable manner.

[Section 4](#) of the Code refers to Child Labor. The adopted definition of Child Labor is based on the International Labor Organization's (ILO) core labor rights conventions, including the Minimum Age Convention (no.138) and the Worst Forms of Child Labor Convention (no. 182): "Child labor is work that deprives children of their childhood, their potential and their dignity, and that is harmful to their physical or mental development including by interfering with their education"¹. Per requirements, Carhartt suppliers will not hire employees under the age of 15, or under the age interfering with compulsory schooling, or under the minimum age established by law, whichever is greater. Suppliers must maintain official and verifiable age documentation for each worker.

Carhartt WIP has joined with many other brands in pledging to not knowingly use cotton or cotton-based products that use forced or child labor in any part of the supply chain.

Carhartt WIP has identified the countries where child labor and forced labor violations are institutionalized and organized by countries' governments. While it is understood that the

¹ ILO -IOE Child Labour Guidance tool, page 14

situation in these countries is evolving, Carhartt WIP maintains a list of restricted cotton producing countries and works with each supplier to ensure they are in line with this list. In order to cross-check and verify the information given by suppliers regarding origin of cotton, Carhartt WIP has started using isotopic technology for fabric testing.

4. Supply chain mapping and traceability

Supply chain mapping and traceability are fundamental to understanding the risks in a supply chain. Carhartt WIP has established a supply chain tracking system that gives an overview of the manufacturing origin of its products. This information is tracked on an ongoing basis. A new supplier can only receive an order when it has gone through the onboarding process as described in section 5.3. Furthermore, all active suppliers are physically visited at least once a year by internal specialized Social Responsibility teams. This enables us to have a real time overview of the manufacturing origin of all our products.

5. Risk Assessment and Due Diligence Processes

5.1. Risk assessment approach

Carhartt WIP recognizes that certain parts of the upstream value chain could be more prone to salient human rights risks, including child labor and forced labor risks. Carhartt WIP has conducted a risk assessment to identify potential threats in its value chain. The process has been to:

- Review in detail the risks at each level of the value chain.
- Prioritize the high risks parts of the value chain
- Develop and implement mitigation measures
- Assess the effectiveness of these measures and continuously improve

To mitigate the risks, the due diligence process put in place by Carhartt WIP is further explained:

5.2. Onboarding of suppliers

Before entering any business relationship with Carhartt WIP, suppliers need to abide by Carhartt WIP's Code of Conduct. As a first step, Carhartt WIP's sourcing teams conduct an initial assessment of the facility to ensure standards are known by the potential supplier. The supplier is required to share a series of documents and paperwork which determines the risk of the supplier. The supplier then undergoes the verification assessment described next.

5.3. Social Responsibility Assessment for New and Current Suppliers

Carhartt WIP has implemented a Two-Pillar approach for approving new suppliers and ensuring compliance of existing suppliers. This approach increases the ability to assess the supplier's compliance with the Code of Conduct, but more importantly, allows Carhartt WIP to know where to work with suppliers to make improvements. The goal is to work closely with suppliers to make necessary improvements, either immediately or over time depending on the issue.

Pillar 1:

Carhartt WIP's first pillar involves the supplier maintaining certification under an approved auditing program based on third-party certification of workplace conditions. Carhartt WIP recognizes that some suppliers are audited for other customers under many different audit programs. As such, Carhartt WIP requires and reviews reports from specific auditing programs that meet the requirements outlined in Carhartt WIP's Code of Conduct in order to reduce the number of audits being conducted and to allow factories to reduce expenses on audit programs. Carhartt WIP only requires one first pillar program. The program currently recognizes a range of industry certifications, such as WRAP, BSCI, SMETA, FLA, BWP, and SLCP.

Pillar 2:

Based on this initial review, a Pillar 2 on-location assessment is planned, carried out by Carhartt WIP's internal Social Responsibility Managers or by pre-approved and continuously trained third-party consultants located in different regions close to the supply chain. These teams create and foster strong relationships with supply chain partners and work together with them to address any violations that may arise. This approach increases the ability to assess the supplier's compliance to the Code of Conduct and to identify potential risks, amongst others, in the area of child labor, human trafficking and forced labor. These on-location assessments are usually performed on a yearly basis but the frequency can change depending on the risk the supplier presents. This is assessed on a case by case basis depending on the outcome of the assessments and document review.

In 2023, no instances of forced or child labor were uncovered. Despite this, Carhartt WIP acknowledges the overall risk in the textile industry and continues its due diligence on an ongoing basis.

5.4. Remediation

Carhartt WIP believes that the most effective way to address issues is by empowering suppliers to establish safe, compliant, and respectful workplaces for their employees.

Any findings not compliant with Carhartt WIP's Supplier Code of Conduct will result in a corrective action plan with the focus on continuous improvement to bring about positive and lasting change. Suppliers can utilize Carhartt WIP's resources, such as comprehensive guides and extensive experience, to establish and execute these plans. While we prefer to collaborate with suppliers to resolve issues, we reserve the right to end a supplier relationship in cases of severe or persistent non-compliance. Additionally, we acknowledge and incentivize business partners who adhere to our labor standards and initiatives.

5.5. Effectiveness Overview and Ongoing Improvement.

Ongoing monitoring of suppliers and upcoming issues in the textile supply chains inform the development of the Social Responsibility program. The primary role of the Social Responsibility team is to perform on-site visits to suppliers as part of the 2nd pillar process. During this process, Carhartt WIP personnel can effectively communicate with the suppliers, ensuring that policies are conveyed and verified during the assessment process. If during these assessments, Carhartt WIP determines risks of human rights violations, the team will immediately review the situation in detail and determine through interviews with suppliers and workers, research and investigation (in-house or 3rd party) the nature of the issue. In addition, upcoming human rights risks are tracked in working groups, industry associations and via other sources in order to develop policies and due diligence mechanisms accordingly.

5.6. Training

Carhartt WIP conducts regular training for internal employees and suppliers on the Company's Workplace Code of Conduct, including provisions related to child labor, forced labor, slavery, and human trafficking. A primary focus is to minimize the risks associated with the exploitation of workers, while also ensuring that all stakeholders possess a comprehensive understanding of the challenges and concerns of the supply chain. It also provides guidance on the appropriate internal procedures to follow when reporting any suspicious incidents.

6. Grievance mechanisms

Carhartt WIP has set-up channels to report any violations of its policies and Code of Conduct. During the assessments, suppliers are required to provide their own feedback mechanism to allow non-compliances with the law or with Carhartt WIP's Supplier Workplace Code of Conduct

to be reported anonymously, providing protection of identity and assurance of no negative consequences.

Any suspicion or report of child labor, human trafficking, forced or compulsory labor, or anything that meets the classification of modern slavey or child labor, is taken extremely seriously and will be thoroughly investigated. If violations are found, corrective action will be taken immediately.

Any violations or other grievances can be reported directly to the following email address cr@carhartt-wip.com. Factories are required to post the Carhartt WIP Code of Conduct in the local language for workers, giving them the information and contact details.

If there is a need for the complaint to remain anonymous, Carhartt WIP has established a [whistleblowing system](#) which is available in 43 languages.

7. Next steps

Carhartt WIP is committed to strengthening its due diligence and risk assessment process and to work on increased visibility further down its supply chain. Continuous supply chain mapping is a key element of the due diligence process and the foundation of all further risk assessments and analyses. A software tool for transparency and traceability will be rolled out internally in 2024.

In addition, Carhartt WIP aims to refresh and expand training and education with internal stakeholders, who are in constant contact with suppliers, and with suppliers directly during the on-location visits. The goal is to raise awareness on how to prevent and mitigate human rights issues and to recognize them if they surface.

This report has been published in accordance with the legislations mentioned in the introduction section (page 1) and summarizes Carhartt WIP's steps taken against human rights violations including but not limited to child labor, forced labor and modern slavery. It was prepared by the Corporate Responsibility team and approved by,



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