

## **Statement on Child Labor, Forced Labor, Modern Slavery and Human Trafficking Report for 2024**

### **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 works according to its Code of Conduct which defines 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 Nation's 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, 2024 to December 31, 2024.

- 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. Carhartt WIP opened its first store in London in 1997 and today operates over 80 brick and mortar locations worldwide. The company employs 2,400 persons, of which 1,300 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. Like most apparel brands, Carhartt WIP also relies on a network of global suppliers with whom we value long-term relationships based on trust and mutual respect. 129 finished product manufacturing suppliers (tier 1<sup>1</sup>) are in our social

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<sup>1</sup> <https://textileexchange.org/app/uploads/2024/12/Supply-Chain-Taxonomy.pdf>, page 7/8

responsibility program described below in section 5. Beyond finished product manufacturing (tier 1) suppliers, Carhartt WIP also works with fabric and component suppliers (tier 2). By end of 2024, we listed 301 tier 2 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's Supplier Workplace [Code of Conduct](#) represents the foundation of its work in the supply chain. The Code of Conduct is embedded in the [Social Responsibility supplier 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."<sup>2</sup> Per requirements, Carhartt WIP 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 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

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<sup>2</sup> <https://webapps.ilo.org/public/libdoc/ilo/2016/489222.pdf>, page 14

to cross-check and verify the information given by suppliers regarding origin of cotton, Carhartt WIP uses isotopic technology for fabric testing.

#### **4. Supply chain mapping and traceability**

Supply chain mapping and traceability are fundamental to understanding the risks in our supply chain. Carhartt WIP has established an on-going supply chain tracking system that gives an overview of the manufacturing origin of its products. A new tier 1 supplier can only receive an order when it has gone through the onboarding process as described in section 5. Furthermore, all active suppliers are physically visited at least once a year by internal specialized Social Responsibility teams.

In 2024, Carhartt WIP committed to increased visibility further down its supply chain and to strengthening its due diligence and risk assessment process by rolling out a software tool for transparency and traceability. The implementation of the software tool has been a learning process, as the nature of the textile industry makes the journey further down the supply chain increasingly complex. However, Carhartt WIP is committed to continuing its efforts as this process is essential for the risk assessment and due diligence process.

#### **5. Risk Assessment and Due Diligence Processes**

Carhartt WIP works at two levels to identify and mitigate the risks in its supply chain.

##### **Level 1: Finished product manufacturing suppliers (tier 1<sup>3</sup>)**

##### **5.1. Onboarding of suppliers**

Before entering any business relationship with Carhartt WIP, tier 1 suppliers need to abide by Carhartt WIP's Code of Conduct. As a first step, Carhartt WIP's sourcing teams conduct an initial on-site 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.

##### **5.2. 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

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<sup>3</sup> <https://textileexchange.org/app/uploads/2024/12/Supply-Chain-Taxonomy.pdf>, page 7/8

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 requests 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 and 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, 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, including those related to 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 2024, no instances of forced or child labor were uncovered. Despite this, Carhartt WIP acknowledges the overall risk in the textile industry and continues its ongoing due diligence.

### **5.3. 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 a 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.

#### **5.4. 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 partner 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 the nature of the issue, through interviews with suppliers and workers, research, and investigation (in-house or 3<sup>rd</sup> party). 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.

#### **5.5. 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. In 2024, Carhartt WIP organized a supplier seminar on social and environmental topics for its suppliers in Tunisia, which is an important, longstanding production hub for the brand. The objective of the event was to deep dive into topics and create a space where attendees could share challenges, experiences, and good practice with each other. The event was informative, inspiring, and successful for both the participants and Carhartt WIP, as direct connection to supply chain partners is the cornerstone of Carhartt WIP's Social Responsibility program.

##### **Level 2: Fabric and component suppliers (tier 2)**

Carhartt WIP defines Tier 2 suppliers as the fabric and component suppliers providing materials going directly into the finished product. In 2024, tier 2 suppliers were actively engaged to provide human rights related information in the software tool by either direct contact or by inviting tier 1 suppliers to share information about the upstream suppliers involved in the production of our products.

For this category of suppliers, the due diligence process to assess and mitigate risks was as follows:

##### **Step 1: Country-based preliminary risk screening**

Taking the Unicef Children's Rights in the Workplace Index and the Global Slavery Index as primary sources, Carhartt WIP screened its fabric and component suppliers for risk determination. Findings were then cross-referenced with the U.S. Department of Labor's List of Goods Produced

by Child Labor or Forced Labor, which highlights high-risk country and product combinations, particularly in the textile sector.

#### Step 2: Targeted risk assessments:

Supported by the software tool, Carhartt WIP then defined a methodology, developed with the support of external and internal experts, to run targeted risk assessments of suppliers presenting an enhanced risk. The methodology includes both the analysis of the facility type, and a review of available policies, third-party certifications, audit reports, other documents available. Based on these inputs, a calculated risk score is assigned to each supplier.

The risk assessment process of fabric and component suppliers is still in its early stages after just one year of rolling-out the software tool. Carhartt WIP's immediate objective is to continue refining the data available in the tool with the objective of establishing a solid base for risk assessments to be performed periodically. Insights from this process will also help Carhartt WIP assess its effectiveness and further inform its approach to human rights due diligence, including targeted actions to prevent and mitigate risks its the supply chain.

## **6. Grievance mechanisms**

Carhartt WIP has channels to report any violations of its policies and Code of Conduct in place. During the assessments, suppliers are required to explain and offer insight into their own grievance mechanisms to allow non-compliances with the law or with Carhartt WIP's Supplier Workplace Code of Conduct to be reported anonymously.

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 also be reported directly to the following email address [cr@carhartt-wip.com](mailto:cr@carhartt-wip.com). Factories are required to post the Carhartt WIP Code of Conduct in the local language for workers, as well providing this 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

While on-site visits and partnerships with tier 1 suppliers represent the cornerstone of Carhartt WIP's Social Responsibility program, we are committed to working on increased visibility and understanding of our supply chain beyond tier 1 suppliers. Having worked on transparency in 2024, we plan to start piloting a traceability project, which will enable us to supplement our supply chain mapping with verified data.

In addition, Carhartt WIP plans to continue expanding training and education with internal stakeholders, who are in constant contact with suppliers, and with suppliers, during another seminar designed to share in-person knowledge and experiences. 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 Sustainability team and approved by,

*Wilfried Atzert*

Wilfried Atzert  
CEO, Carhartt WIP