



## **Design Resources Inc. Statement on Forced Labor, Human Trafficking and Modern Slavery**

This document reflects Design Resources Inc.'s compliance with Canada's Fighting Against Forced Labour and Child Labour in Supply Chains Act, and the California Transparency in Supply Chains Act.

### **Background**

Design Resources Inc. (DRI) is a U.S. based importer specializing in marketing and sourcing solutions for apparel and headwear. Our products are produced by long-standing, contracted suppliers who adhere to our rigorous standards as defined in our [Workplace Code of Conduct](#). Our approach to sourcing emphasizes partnerships with suppliers that demonstrate strong leadership in corporate responsibility and sustainability, aiming to exceed basic compliance. We actively seek suppliers committed to promoting a strong safety culture and cultivating a motivated and respectful workplace.

DRI is committed to conducting our business activities in alignment with ethical, legal, and sustainable practices in every aspect. DRI's executive leadership team reviews and confirms all company-wide sustainability policies and targets, reviews performance toward targets, receives key updates on issues and emerging trends, and provides oversight for efforts to improve.

DRI is a tier II, validated member of the U.S. Custom Trade Partnership Against Terrorism (C-TPAT) program. As a result, DRI uses the minimum-security criteria, in addition to other resources, to assess company practices and communicate such to all of our international business partners to encourage review and enhancement of existing management systems to detect and prohibit forced labor, modern slavery, and human trafficking within our supply chain.

### **Verification**

To ensure suppliers meet our strict compliance standards, DRI continuously monitors and enhances our systems to detect and mitigate supply chain vulnerabilities, including those related to forced and child labor. Before establishing a new relationship with a supplier, a comprehensive assessment against our Workplace Code of Conduct and procedures outlined in our Vendor Manual is conducted. These standards include our





expectations for ethical labor and recruitment practices, social, health, safety, and environmental performance in the beginning, and throughout a supplier's business relationship with DRI.

DRI utilizes all readily available reports, including but not limited to, U.S. Department of Labor, U.S. Department of State, U.S. Department of Homeland Security, and other country-related risk assessments to evaluate the risk of forced labor, child labor, and human trafficking throughout the supply chain. These risk assessments encompass information and findings from both internal evaluations and independent, external third-party reports. Moreover, DRI also utilizes several third-party software solutions to close any information gaps and expose the hidden risks within our supply chain. These solutions enable DRI to verify upstream supply chains and allow us to confirm country of origins, shipping documents, relationships between vendors, and means of transportation.

DRI requires suppliers to participate in the Worldwide Responsible Accredited Production (WRAP) Certification and/or Sedex Members Ethical Trade Audits (SMETA) programs, which are designed to verify suppliers meet internationally recognized social compliance standards. Both programs evaluate the treatment of workers and the supplier's compliance with acceptable practices. Each vendor and/or supplier is also assessed for compliance against the C-TPAT Minimum Security Criteria, DRI's Workplace Code of Conduct, customer compliance standards, applicable laws and regulations and industry best practices. DRI will use all tools available to help support remediation and capacity-building efforts. All suppliers are held responsible for improving their performance and remediating any findings against a timebound Corrective Action Plan (CAP).

### **Auditing**

Independent, external monitoring systems are used to assess our contracted suppliers' performance against our standards. We conduct regular audits of all of our contracted suppliers, which are monitored on a schedule, based on their performance level. All manufacturers must receive an independent third-party audit at least once every 12 months. These assessments may be announced or unannounced and take place before our business relationship begins and on an ongoing basis. These audits are structured to gauge compliance with our Workplace Code of Conduct, customer compliance standards, industry best practices and all applicable laws and regulations. Our third-party audits assess the risks of forced and child labor, including the employment of vulnerable groups such as foreign, migrant workers, interns, and temporary workers. Moreover, supplier policies and management systems are reviewed to identify and mitigate high-risk practices, such as recruitment fee payments, restriction on freedom of movement, retention of worker





documentation, and inadequate disclosure of employment terms before departure from their home countries.

### **Remediation and Effectiveness**

In partnership with key stakeholders, DRI is committed to continuously enhancing how we assess and improve working conditions across our supply chains. We are dedicated to strengthening the capabilities of our suppliers through ongoing support and collaboration.

As part of our assessment process, DRI actively works with suppliers to design and evaluate programs that ensure modern slavery and human trafficking have no place in our operations. When potential violations are identified, we promptly review all managements systems and conduct a root cause analysis to ensure that all corrective actions are both appropriate and sustainable. Where applicable, DRI will also engage with external organizations and partners to implement affective remediation measures. If a supplier fails to meet our standards despite these efforts, DRI will take necessary actions – up to and including termination of the business relationship.

### **Certification**

DRI mandates that our own employees, as well as our contracted suppliers, follow our Workplace Code of Conduct. The Workplace Code of Conduct was developed based on the principles of the International Labor Organization's (ILO) standards and internationally accepted good labor practices. Supplier manuals and agreements require adherence to and reference the ILO 11 indicators of forced labor in an effort to prevent forced labor, child labor, and human trafficking in any form throughout our supply chain.

DRI routinely monitors the supply chains from pre-production to final delivery for possible risks of forced labor. This monitoring helps ensure that the final product is compliant with all applicable laws and acceptable business practices.

### **Accountability & Training**

DRI conducts ongoing training to understand the patterns and impacts of forced labor within our supply chain. Risk assessments are conducted for all suppliers to determine the level of risk and potential for human trafficking and modern slavery at each facility, measuring data to influence sourcing decisions. Training is provided to staff directly involved in the management of our contracted suppliers to educate employees on human rights, forced labor, child labor, human trafficking, and otherwise. DRI's in-house Compliance team





participates in these year-round trainings and webinars, and is responsible for ensuring that all relevant stakeholders, such as employees and upper-level management involved with global sourcing, understand the risks associated with the sourcing decisions they make.

Design Resources Inc. is committed to acting ethically and with integrity and transparency in all business dealings and we expect the same from our suppliers. It is our objective to develop long-term relationships with those suppliers who demonstrate a commitment to engage with their extended supply chains, putting effective systems and controls in place to safeguard against all forms of forced labor during the manufacturing process, including materials and components used to manufacture products for DRI. We will continue working with leading testing and certification experts, compliance groups, and third-party auditors to evaluate and eliminate the risks related to human trafficking and child and forced labor within our supply chain.

This statement is for the period of January 1, 2024, to December 31, 2024.

In accordance with the requirements of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (Act), and in particular section 11 thereof, I, in the capacity of Chief Executive Officer, attest that I have reviewed the information contained in the report on behalf of the governing body of 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 and California Transparency in Supply Chains Act, for the reporting year listed within this report.

I have the authority to bind Design Resources, Inc.

A handwritten signature in blue ink, reading "Dave Reid", is written over a solid black horizontal line. The signature is fluid and cursive in style.

Dave Reid

Chief Executive Officer

May 31, 2025

