

# EVERLANE

## Everlane Modern Slavery Statement for Financial Year 2024

### I. Introduction

This statement is made pursuant to the Fighting Against Forced Labour and Child Labour in Supply Chains Act (Canada, Bill S-211). It outlines the steps taken by Everlane Inc. during the fiscal year beginning February 1, 2024, and ending January 31, 2025, to identify, mitigate, and prevent the risks of forced labor and child labor in our operations and supply chain.

Everlane is a privately held, direct-to-consumer brand founded in 2011 and headquartered in San Francisco, CA, USA. Everlane operates as a fashion brand and retailer, engaging in product design, sourcing, distribution, marketing, and sales. Everlane conducts global sales through its e-commerce platform (85% of business volume) and 11 brand owned and operated stores in the United States (15% of business volume). Everlane imports apparel, footwear, and accessories into Canada through a third-party logistics partner in Ontario, which serves as our sole distribution center. This facility fulfills both retail replenishment and online customer orders globally.

Everlane is committed to respecting human rights and ensuring our operations and supply chain are free from forced and child labor through our company mission and values, and strategic approach to sustainability and supply chain management. Our company mission and sustainability strategy serve as the foundation of our program and FY 2024 performance as it relates to mitigating and preventing risks of forced and child labor in our operations and supply chain. We transparently report on our ESG progress in our annual [Impact Report](#), including additional activities that go beyond the scope of this report.

### II. Supply Chain Overview

Everlane sources and manufactures products through a global supply chain structured into four tiers:

Supply Chain Tier	Description	Visibility Level
Tier 1 (Direct Supplier)	Finished Production Assembly <i>Assembly and manufacturing of final products</i>	100%  <i>28 Facilities in 7 countries/regions: Brazil, Cambodia, Hong Kong, USA, Madagascar, Sri Lanka, Vietnam</i>
Tier 2 (Direct Supplier)	Materials Production <i>Production and finishing of materials that go directly into finished product</i>	100%  <i>88 Facilities in 12 countries: Madagascar, Sri Lanka, Vietnam, China, India, Italy, Japan, South Korea, Spain, Taiwan, Thailand, Turkey</i>
Tier 3 (Indirect Supplier)	Raw Material Processing <i>Processing of raw materials into yarn and other intermediate products</i>	95%  <i>(+30% visibility since 2021)</i>
Tier 4 (Indirect Supplier)	Raw Material Extraction <i>Cultivation and extraction of raw materials from the earth, plants, or animals</i>	85%+ producer group-level and/or regional visibility (e.g., organic cotton producers, wool growers, and silk farms)  <i>(+35% visibility since 2021)</i>

## **A. Supply Chain Mapping Strategy & Approach**

Everlane's approach to supply chain management is grounded in transparency and traceability, both of which are essential to identifying and mitigating risks of forced labour and child labour in complex, multi-tiered supply chains. In FY2024, we continued our work to map and monitor our global supply chain using a combination of direct supplier disclosures, third-party social compliance audits, raw material and chain-of-custody certifications, and digital traceability software.

We place particular emphasis on improving traceability beyond Tiers 1 and 2 by verifying the origin of materials and the entities involved in their transformation from raw material to finished product. This includes use of blockchain-enabled chain-of-custody tools and independent certifications (e.g., GOTS, RWS, GRS) that validate claims of origin and production practices.

We are also committed to investing in supplier relationship building, particularly with growers and producer groups, when feasible. These direct engagements support our ability to trace raw material sources and identify forced/child labor risks that may not be visible through audit mechanisms alone.

## **B. 2024 Supply Chain Visibility**

In 2024, Everlane maintained 100% visibility over Tier 1 and 2 suppliers. These suppliers are onboarded through a structured process that includes documented disclosures and annual, third-party verified social compliance audits. For these tiers, we hold direct commercial relationships, and our expectations are contractually enforced through our Vendor Code of Conduct (VCoC), third-party social compliance audits, and related supplier policies.

Upstream, we continued to increase visibility into Tier 3 and Tier 4 suppliers. As of FY2024, our visibility is as follows:

- Tier 3 (raw material processing): 95% visibility
- Tier 4 (raw material cultivation/extraction): ~85% regional or producer-group level visibility

These improvements were enabled by enhanced data collection systems, supplier engagement protocols, and third-party certification tracking. They also reflect progress made through our supplier traceability initiatives and commitment to long-term partnerships with strategic vendors.

### **Traceability Software Pilots**

To address visibility gaps at Tier 4, where traceability is typically most challenging due to the fragmented nature of raw material sourcing, we initiated pilots with two digital traceability platforms in FY2024. These systems are designed to capture real-time material-level transaction data, improve upstream chain-of-custody validation, and support supplier engagement through structured digital onboarding and data collection.

## **III. Policies, Processes, and Governance**

Everlane maintains a robust framework and set of policies to address forced and child labor risks within the supply chain (see a list of relevant policies and descriptions below). These policies are grounded in international human rights instruments, including the International Labour Organization (ILO) conventions and the United Nations Guiding Principles on Business and Human Rights (UNGPs), and are enforced through contractual requirements and ongoing due diligence. Central to this framework is our Supplier Social and Environmental Responsibility Manual, which outlines expectations for all suppliers and forms part of the binding terms of engagement. These expectations are reinforced through our VCoC, which prohibits forced labor (including responsible recruitment, child labor, and human trafficking), and outlines standards for health and safety, fair wages, freedom of association, and responsible subcontracting.

Everlane implements a Zero Tolerance Violation policy to safeguard against forced/child labor and provides guidance for remediation to swiftly address noncompliance issues and ultimate termination of the business relationship when identified. A Do Not Source Country/Region List, which is reviewed as needed, further enhances proactive risk mitigation and prevention efforts by ensuring Everlane does not engage with suppliers in high-risk geographies for extreme labor abuse and/or subject to government sanctions.

All direct (Tier 1) suppliers are required to sign and comply with our policies prior to entering a business relationship. These policies apply to the full upstream supply chain and all workers, including subcontractors and migrant labor.

Compliance is monitored through annual third-party audits conducted by an APSCA-certified auditing firm (LRQA) and supported by ongoing engagement with Everlane’s Sourcing and Sustainability teams.

Policy Name	Description
Vendor Code of Conduct (VCoC)	Sets stringent standards aligned with ILO conventions, prohibiting child labor, forced labor, discrimination, and harassment, while ensuring health, safety, fair wages, reasonable working hours, and freedom of association for workers. The VCoC also mandates responsible and transparent subcontracting, and environmental sustainability, and condemns forced/child labor, promising immediate termination of any business relationship found in violation. The VCoC must be posted in all factories approved for Everlane production and includes an email where workers can contact the Everlane team directly to report any grievances.
Zero-Tolerance Violation Policy	Serves to safeguard against forced/child labor, and addresses several zero-tolerance violations, including denying access to assessors, bribery attempts, employing underage workers, using forced and/or child labor, engaging in physical or mental abuse, discriminating against pregnant workers, violating freedom of association, paying below minimum wages, lacking sufficient emergency exits, unauthorized subcontracting, and providing false records. The policy provides guidance for remediation to swiftly address noncompliance issues and any discovery of these violations can lead to immediate termination of the partnership.
Forced Labor Remediation Policy	Details strict guidelines prohibiting all forms of forced labor in the Everlane supply chain, including human trafficking and bonded labor. If any instance of forced labor is discovered, immediate actions are taken to ensure the worker's safety, including safe removal, connection with local authorities, and meeting of immediate needs. Following a thorough investigation, remediation steps are taken, with the supplier assuming financial responsibility for providing safe accommodations, returning documents and fees, ensuring fair compensation, and supporting the worker's successful return to work.
Child Labor Remediation Policy	Details strict guidelines prohibiting child labor in the Everlane supply chain, ensuring that at a minimum, no worker is employed who is less than the age of completion of compulsory schooling and, in any case, shall not be less than 15 years (in alignment with ILO Convention 138) and that local juvenile working age restrictions are observed. Additionally, the policy mandates that no individual under 18 engages in hazardous work/operations*. If child labor is discovered, immediate actions are taken to ensure the child's safety, including verification, safe removal, and connection with local authorities and civil society groups. Once safe, a thorough investigation is conducted, and remediation steps are implemented, with the supplier assuming financial responsibility for the child's well-being, including accommodations, health needs, and education.
Human Rights Due Diligence & Supply Chain Traceability Policy	Requires suppliers to adhere to the United Nations Guiding Principles on Business and Human Rights standards, and practice full traceability of their upstream suppliers. Suppliers are expected to conduct risk assessments, engage with workers and communities, and continuously improve their policies and practices to align with Everlane's commitments. Suppliers must also provide detailed documentation, including traceability to raw material origin, and comply with Everlane's social responsibility requirements. Failure to meet these standards may lead to partnership termination.
Commitment to Responsible Recruitment & Migrant Labor Policy	Mandates that suppliers using migrant labor agencies uphold comprehensive policies covering pre-employment, ongoing employment, and post-employment standards. This includes commitments to ethical recruitment, required reimbursement of fees, protection of labor rights, and ensures repatriation at the end of contracts. Suppliers must adhere to international labor standards and provide support, such as translators and safe storage for documents, throughout the employment period.

Grievance Mechanisms Policy	Requires suppliers to establish and maintain robust grievance mechanisms that prioritize accessibility, confidentiality, non-retaliation, impartiality, timeliness, continuous improvement, and compliance with our defined policies. Suppliers are required to define acceptable behavior, provide 24/7 access for anonymous reporting, and implement non-retaliation protections for workers. These mechanisms must be communicated effectively to all workers and stakeholders, ensuring a safe and effective process for reporting and resolving grievances.
No Conflict Cotton Agreement	Strictly prohibits the use of materials or labor from Uzbekistan, Turkmenistan, and the Xinjiang Uyghur Autonomous Region (XUAR) of China due to concerns regarding underaged workers and forced labor in cotton cultivation, and outlines Everlane’s right to cancel orders or partnerships found in violation of this policy. The policy outlines Everlane’s right to audit and request detailed documentation verifying country of origin claims for raw materials through third-party validation.
Do Not Source Country/Region List Policy	Identifies high risk sourcing countries and regions commonly associated with forced and child labor risks in the apparel and textiles sectors and which are excluded from Everlane’s sourcing practices. This list is informed by reports from the US Department of Homeland Security, active US Sanctions lists, the Department of State Trafficking In Persons Report, and the ILO & UN Global Estimates of Modern Slavery: Forced Labour and Forced Marriage Report. Everlane does not source raw materials from these countries and does not work or contract with suppliers in these regions for any manufacturing needs.

*\*In 2024, the youngest worker found in Everlane’s direct supply chain was 18, as verified by third-party assured, onsite social compliance audits.*

These policies are enacted to assess, prevent, and mitigate risks of forced/child labor in the supply chain, and provide instruction for remediation if/when adverse impacts are discovered. All policies are included in Everlane’s Supplier Social and Environmental Responsibility Manual which is signed and agreed to by each supplier prior to the start of any business partnership, ensuring all partners are contractually obliged to abide by the mandates contained in each policy. In 2024, no evidence of forced/child labor was found, and thus no formal remediation measures were taken.

**A. Policy Expectations & Contractual Agreement**

Direct suppliers are asked to acknowledge, through company leadership signature, their understanding, acceptance of, and commitment to enforcing Everlane policies, with the expectation that “suppliers shall hold standards of employment that respect the rights of their employees under country and international labor laws as well as Everlane Vendor Code of Conduct.” Direct suppliers are contractually obligated to communicate and enforce relevant Everlane policies to indirect upstream suppliers. Everlane tracks the efficacy of this cascade approach through an internal transparency and traceability program, which includes the collection and review of verified upstream supply chain documentation, including payment and shipping invoices, to ensure accurate and transparent visibility of the supply chain.

**B. Auditing Policy**

Everlane implements a rigorous auditing framework to assess compliance with our VCoC, identify potential risks, and monitor for indicators of forced or child labor across our global supply chain. This framework includes third-party social compliance audits, ongoing risk screenings, and corrective action verification, with oversight from Everlane’s Sustainability and Sourcing teams. See details of each stage in the subsequent sections of this report. .

**Initial Risk Assessment (Pre-Onboarding Screening)**

Before entering into any commercial relationship, all new direct suppliers undergo a comprehensive pre-onboarding risk screening.

**Annual Social Compliance Audits**

All Tier 1 suppliers are subject to annual third-party social compliance audits, and Everlane is actively working toward full audit coverage of our strategic Tier 2 suppliers. These are conducted by a third-party auditing firm and evaluate compliance with national labor laws, Everlane's VCoC, and international labor standards, including ILO Conventions related to child labor, forced labor, working hours, wages, and freedom of association. Onsite audits include confidential worker interviews, document reviews, and onsite inspections. If a facility receives a low or failing audit grade, a re-audit is required after remediation.

#### **Corrective Actions, Capacity Building & Continuous Improvement**

Everlane views audits not as punitive, but as a foundation for continuous improvement. We launch Corrective Action Plans (CAPs) for all audit scores below 100%. CAPs are monitored through documentation review and follow-up verification, including re-audits if required. We maintain ongoing dialogue with suppliers about audit results, provide support to close corrective actions, and help build long-term capacity to meet and exceed compliance standards.

Everlane operates on a model of continuous improvement; we will not work with a supplier if they do not share our values, adhere to our Vendor Code of Conduct, and demonstrate a shared commitment to improved outcomes over time. We evaluate suppliers' alignment with expectations through annual audits and risk assessments. In fiscal year 2024, Everlane has no findings of forced or child labor.

Everlane's Sustainability team meets with suppliers at least annually to collaboratively review audit results, establish pathways for continual improvement, and oversee remediation activities as necessary.

#### **C. Internal Alignment & Governance**

Everlane takes a cross-collaborative approach between Sustainability and Sourcing teams to engage suppliers effectively. This includes close partnership on the selection and approval of suppliers in the onboarding process, and ongoing regular engagements with suppliers to collect and verify sustainability information. Risk assessments and validations of forced and child labor concerns are embedded throughout the supplier engagement process, including preliminary internal sourcing risk evaluations, EiQ Country and Supplier Risk Assessments (via LRQA), and Supplier Risk Assessments (via Altana AI).

Ultimately, the governance and accountability of this work is overseen by Everlane's C-Suite Executive Team and Board of Directors. Regular updates regarding risks and program concerns are shared with the CEO, CSCO, and Executive Chair of the Board during monthly governance meetings. Everlane maintains active participation of company leadership in setting and approving the strategy and actions taken.

### **IV. Risk Assessment Processes**

Everlane conducts risk assessments to identify, prevent, and mitigate the risks of forced and child labor across our supply chain. These assessments are ongoing and occur at multiple stages of the supplier lifecycle.

#### **A. Initial Risk Assessment**

Before entering any business relationship, Everlane conducts a comprehensive internal risk assessment of all prospective suppliers. This includes:

- Evaluation of alignment with Everlane's Vendor Code of Conduct (VCoC).
- Country- and region-specific risk indicators sourced from LRQA's EiQ platform and UN-commissioned and government agency reports.
- Assessment of supplier labor practices, including the presence of collective bargaining agreements or unions, employment of migrant workers, and the use of recruitment agencies.
- Review of prior audit history, onboarding communications, training programs, grievance systems, and media screening.
- Collection and verification of documentation regarding wage structures, hours worked, and human rights policies.

Each supplier is assigned a risk rating based on a weighted scoring system. This risk level determines onboarding eligibility and the required due diligence protocols. Suppliers considered high risk due to factors such as foreign migrant labor or third-party recruitment agencies must demonstrate stronger compliance safeguards to move forward. In 2024, no suppliers onboarded by Everlane were found to be using foreign migrant recruitment agencies, significantly reducing the risk of bonded labor and recruitment-related abuse.

## **B. Annual Risk and Verification Assessment**

Everlane reassesses all active suppliers annually to ensure continued alignment with our labor rights expectations and to inform our audit planning. The annual verification process includes:

- Updated country- and region-specific risk scores from EiQ and UN-commissioned and government agency reports.
- Review of suppliers' most recent third-party social compliance audits and corrective action performance.
- Supplier self-assessment surveys detailing changes to workforce composition, recruitment practices, and labor conditions.
- Review of any grievances, incident reports, or escalations from the past year.

This structured approach allows Everlane to remain responsive to evolving forced/child labor risks, ensuring that due diligence efforts are regularly updated and targeted.

## **C. Annual Onsite Social Compliance Audit**

100% of Tier 1 suppliers undergo an annual unannounced third-party audit conducted by Everlane's APSCA-certified auditing partner. In 2024, Everlane extended this requirement to strategic Tier 2 suppliers as part of our deeper-tier due diligence expansion.

These audits follow Everlane's approved methodology and include:

- Independent onsite inspections using Everlane's approved audit methodology,
- Verification of worker age documentation, working hours, wage payments, and grievance mechanisms,
- Worker interviews conducted confidentially to identify potential red flags, including coercion or abuse,
- Audit grading against Everlane's internal scoring system to prioritize remediation efforts.

### **Equivalency Audits**

For lower-risk suppliers with a recent, credible third-party audit report that meets mutual recognition requirements, Everlane may accept an equivalency audit to satisfy our annual audit requirement. LRQA conducts a formal mapping exercise to determine whether the external audit aligns with Everlane's standards, allowing for reduced audit fatigue while maintaining rigorous oversight. Equivalency determinations are based on alignment with key elements of Everlane's audit protocol, including worker protections, grievance mechanisms, and indicators of forced and child labor risk. Accepted audits must have been conducted within the past 12 months, performed by a credible, APSCA-certified firm, and cover the full scope of facility operations.

To balance thoroughness with efficiency, Everlane applies a tiered audit protocol:

- **Low-Risk Protocol:** For suppliers deemed low risk and with a recent, valid third-party audit that meets mutual recognition standards, Everlane may accept an equivalency audit. These are benchmarked by LRQA to ensure alignment with our standards and scoring system, helping preserve audit integrity while minimizing audit fatigue.
- **High-Risk Protocol:** Suppliers rated as high risk through our internal assessment must complete a full, in-person audit sponsored by Everlane, regardless of any prior certifications or audit history.

Together, these audits and equivalency reports serve as a core verification tool within our broader due diligence framework, helping to proactively identify and prevent risks of forced and child labor.

## D. Tools & Software for Risk Mapping

To strengthen our ability to mitigate forced and child labor risks, Everlane uses data-driven tools and supply chain intelligence platforms to proactively monitor risks of forced/child labor and mitigate those risks upon identification. These tools are also used to prioritize risks across the complex textile supply chain, based on inherent industry risks, country/region-level risks, raw material/commodity risks, and regulatory compliance risks.

### → **EiQ by LRQA**

Since 2021, Everlane has used EiQ, a supply chain due diligence platform, to support initial and annual risk assessments. EiQ enables Everlane to:

- Access risk scores based on country, region, and sector data.
- Identify indicators related to forced and child labor, such as excessive working hours, weak grievance mechanisms, and the presence of migrant labor.
- Analyze data from public and proprietary sources, including the Global Slavery Index, Workers' Rights Index, Human Development Index, and ILO datasets.

Everlane also uses EiQ Sentinel, an adverse media monitoring tool within the EiQ platform, to screen existing suppliers for news and reports involving ESG violations or labor rights issues. This helps ensure we remain alert to emerging risks between audit cycles.

In 2024, the most prevalent country-level risks identified via EiQ included: unauthorized subcontracting, working hours, migrant labor, and freedom of association. Everlane monitors and prioritizes these risks during our annual assessments and third-party verification audits as indicators of potential forced and/or child labor risks.

### → **Altana AI**

Everlane adopted Altana AI in 2023 to provide dynamic, multi-tier visibility across our supplier network. Altana combines machine learning with live trade and customs data, enabling Everlane to:

- Map complex supply chain relationships across multiple tiers and regions.
- Identify supplier nexuses and sourcing dependencies linked to forced labor hotspots.
- Pinpoint transactions and flows that may trigger compliance concerns under Canadian and US regulations (e.g., Canada's S-211 and the US Uyghur Forced Labor Prevention Act).

Altana also integrates data from corporate disclosures, public sanctions lists, trade records, and NGO reports to build a constantly evolving view of supplier behavior and risk exposure. This level of visibility strengthens Everlane's ability to continuously assess the presence of direct and indirect forced or child labor risks, particularly in high-risk regions.

## V. **Supplier Engagement**

Everlane's supplier engagement process is designed to identify and mitigate potential forced and child labor risks at the earliest stages of a prospective relationship and throughout the duration of our business relationship. We prioritize transparency, informed decision-making, and consistent verification of practices across the direct suppliers in our supply chain.

### A. **New Supplier Onboarding Process**

Everlane has built a supplier onboarding process that prioritizes assessment and understanding of risks related to country/region, facility, and commodity level risks of forced/child labor. Before entering a commercial relationship, all prospective suppliers must complete Everlane's onboarding process, which includes:

- Signing our Vendor Code of Conduct and other relevant policies (listed in the policy section of this report above).
- Completing a detailed onboarding questionnaire with mandatory information and supporting documentation be shared about the prospective supplier's labor practices, covering:
  - ◆ Labor practices, including recruitment methods and migrant labor protections,
  - ◆ Use of third-party labor agencies and any associated fees,
  - ◆ Existence and structure of grievance mechanisms,
  - ◆ Presence of unions or collective bargaining agreements,
  - ◆ Programs for worker health, safety, and well-being.

All submitted documentation is verified by Everlane and used as a core input in the Initial Risk Assessment. This risk assessment incorporates country- and sector-specific risks, past audit performance, adverse media screening, and compliance history. Suppliers that meet the required criteria are added to Everlane's approved vendor list and reassessed annually.

### **Ongoing Engagement**

Once onboarded, Everlane engages regularly with suppliers across Tier 1 and Tier 2 through structured check-ins and capacity-building efforts. The Sustainability and Sourcing teams meet with supplier representatives regularly throughout the year. In these meetings, we:

- Review social compliance audit results and Worker Sentiment Survey findings.
- Align on Corrective Action Plans and timelines for resolution.
- Provide technical support and guidance, including root cause analysis and remediation training.
- Monitor progress and verifies implementation of policies and procedures.

In 2024, Everlane held 44 meetings with 39 unique suppliers focused specifically on social compliance, worker well-being, and audit outcomes. These engagements are held with the individuals directly responsible for operations, compliance, human resources, and worker welfare at each facility. This direct engagement ensures that issues are addressed at the source and that supplier leadership remains accountable for meeting Everlane's labor standards and expectations.

## **B. 2024 Performance Outcomes and Objectives**

Everlane evaluates supplier performance annually as part of our commitment to continuous improvement and accountability in labor rights. Our audit and risk verification efforts focus on ensuring compliance with our labor standards and identifying opportunities to strengthen protections against forced and child labor.

### **Social Compliance Audit Framework**

Each year, Everlane conducts third-party social compliance audits across our Tier 1 suppliers and, starting in 2024, our strategic Tier 2 suppliers. These audits evaluate supplier adherence to labor rights, health and safety, environmental management, and business ethics. The audit process combines on-site inspections from certified third-party auditors, worker sentiment surveys, and industry risk data, drawing from sources such as UN-commissioned and government agency reports to provide a comprehensive view of working conditions. In 2024, all Tier 1 suppliers and 75% of strategic Tier 2 suppliers (by volume) were audited, and no findings of forced or child labor were reported.

We categorize factories' annual social compliance audit results using a color-coded system (green, yellow, orange, and red), reflecting the quantity and severity of noncompliance findings as well as required corrective actions related to forced/child labor risks. These insights help us identify priority areas for improvement and work collaboratively with our partners to strengthen conditions across our supply chain.

### **Tier 1 Supplier Performance**

- 100% of Tier 1 suppliers underwent a social compliance audit in 2024.
- 100% received a Green or Yellow rating, representing full compliance or limited noncompliances, without any "critical" noncompliances.
- 0% were rated Red or required immediate escalation for critical violations.
- 0% received findings classified as zero-tolerance.
- 100% provided full transparency in their audit documentation (e.g., accurate timecards, payroll, worker identity records).

These results demonstrate that Everlane's Tier 1 suppliers have strong systems in place to meet our labor standards, supported by regular engagement, tailored training, and CAP implementation.

To ensure confidence in audit outcome veracity, Everlane works exclusively with third-party, APSCA-certified audit providers that undergo screening and multiple-stage examinations to ensure assessments are credible, transparent, and demonstrate a commitment to our values.

In 2024, several key factors contributed to improved Tier 1 supplier performance. These included enhanced supplier onboarding protocols and more strategic audit scheduling based on supplier risk profiles, which allowed Everlane to focus resources where they were most needed. Year-round support for labor program implementation (including training, capacity building, and ongoing engagement) helped suppliers better understand and meet expectations. Additionally, Everlane continued consolidating its vendor base around long-term partners who share the company’s commitment to human rights and ethical labor practices, further reinforcing consistency, accountability, and alignment across the supply chain.

**Tier 2 Supplier Performance**

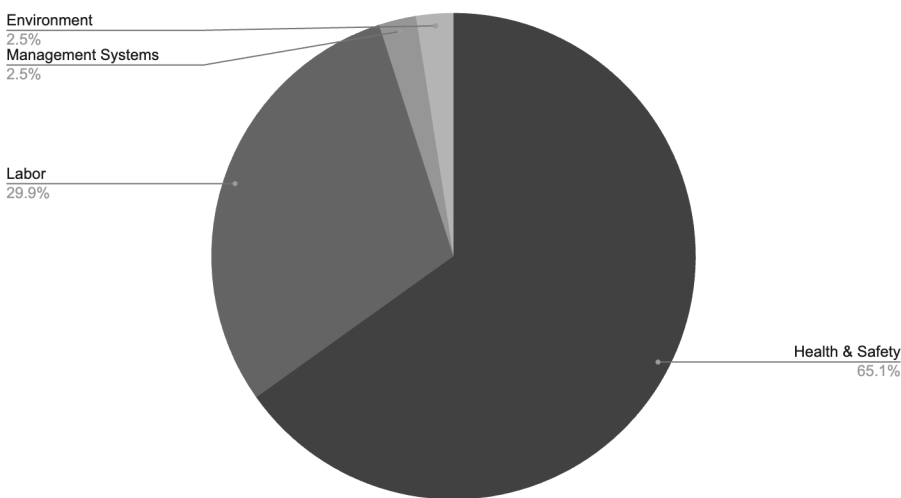
In 2024, Everlane expanded its social compliance auditing program to include strategic Tier 2 suppliers—partners responsible for fabric or yarn production processes such as spinning, knitting, weaving, and finishing. These suppliers are critical to the integrity of our value chain but have traditionally received less monitoring attention in the apparel industry. Recognizing this, extending our audits to Tier 2 suppliers is a crucial step toward identifying and mitigating potential risks. Throughout the year, we conducted social compliance audits covering 75% of our strategic Tier 2 business volume.

Our expanded auditing efforts at the Tier 2 level revealed performance ratings ranging from green (high compliance) to red (critical issues), highlighting opportunities for growth and unique social compliance challenges. Many Tier 2 suppliers lacked familiarity with structured auditing processes, policies, and documentation practices commonly established at Tier 1 factories. For example, in November 2024, one Tier 2 supplier received a red rating primarily due to significant health and safety gaps and insufficient preparedness for standard audit procedures. In response, we immediately launched a targeted Corrective Action Plan (CAP), providing hands-on support, detailed training, and action-oriented guidance in the supplier’s local language. Continuous engagement and verification processes will ensure meaningful improvements ahead of a follow-up audit scheduled for later in 2025.

Despite some challenges, no evidence or indicators of forced or child labor were identified during any Tier 2 audits in 2024. These results validate the effectiveness of our due diligence practices and underscore the value of deeper-tier engagement. This work strengthens Everlane’s ability to identify, address, and prevent forced/child labor risks across the full value chain, ensuring our standards for responsible sourcing extend beyond our direct manufacturing partners.

**C. Common Findings and Resolutions in 2024 Audits**

2024 Audit Noncompliance Finding by Category (Tiers 1 & 2)



Everlane saw a 50% year-over-year decrease in overall findings among Tier 1 suppliers in 2024, reflecting continued improvements in core compliance areas. Across social compliance audits of direct suppliers (Tier 1 & 2), the majority of nonconformities were concentrated in two key areas: health and safety and labor—findings that are consistent with industry-wide trends. Overall, there were no Zero-Tolerance issues identified across Tier 1 & Tier 2 suppliers.

To address these risks, Everlane works with suppliers to conduct detailed analyses of factory staffing procedures, identifying the root causes contributing to excessive overtime demands. We collaborate with factory management to improve scheduling systems and train workers on their rights to rest days and voluntary overtime participation. Clear communication is reinforced to ensure workers understand that overtime must be optional and free from coercion. This targeted approach enables Everlane to actively mitigate forced labor risks associated with involuntary overtime practices.

EXAMPLES OF AUDIT INDICATORS

	Factory-level non-compliance as determined by site audit and employee survey	Country-level risk as determined by credible authorities such as United Nations Agencies
<b>Labor</b>	Wages, forced labor, working hours, and others	Gender inequity, children's rights, and others
<b>Health and Safety</b>	Injuries, chemicals management, building safety risk, and others	Life expectancy, sanitation and water, and others
<b>Environment</b>	Waste management, wastewater, environmental permits, and others	Flood, water stress, air quality, storm risk
<b>Ethics</b>	Business records transparency, business policies and clear standards, and others	Corruption, rule of law, and others
<b>Management</b>	Documentation processes (e.g., contracts, policies), subcontractor policies, and others	Government transparency in rule-making, policy support for private sector

Everlane also collaborates closely with suppliers to diagnose underlying causes of noncompliance and develop targeted, actionable solutions. Our team ensures effective implementation of educational resources, training programs, and change-management actions designed to drive meaningful improvements. When necessary,

additional follow-up audits are conducted onsite to verify corrective measures, further reinforcing our due diligence process.

**Worker Sentiment Surveys**

As an added form of grievance mechanism, Everlane partners with third-party audit firms to conduct anonymous onsite worker assessments, known as Worker Sentiment Surveys. These confidential surveys allowed randomly selected workers to provide honest feedback on subjects like, working conditions, wage fairness, access to grievance mechanisms, management communication, and harassment or discrimination concerns.

Workers complete the surveys anonymously in secluded environments without management presence or CCTV surveillance, and additionally have the option to complete surveys remotely via personal mobile devices up to two days following the audit. Results remain confidential, anonymous, and are shared directly with Everlane's Sustainability team for further analysis and action planning. The insights derived from these Worker Sentiment Surveys enable Everlane to directly incorporate worker voices into our due diligence strategy, effectively addressing compliance gaps and proactively reducing risks of forced and child labor within our global supply chain.

**D. Corrective Action Plan Management and Re-Audit Requirements**

To support factory partners in continuous improvement, Everlane offers capacity-building training and support. Training covers an in-depth review of audit results, root cause analysis of each finding, and guidance on creating a Corrective Action Plan.

**Corrective Action Plans (CAPs)**

Corrective Action Plans (CAPs) are a cornerstone of Everlane's continuous improvement model. All Tier 1 & 2 suppliers audited through our social compliance program (whether directly by Everlane or via third-party equivalency assessments) are issued a CAP if their audit score falls below 100%.

Each CAP includes detailed findings, root cause analysis, corrective actions, responsible parties, required documentation, and a defined timeline for resolution. Everlane actively tracks and supports resolution of each CAP to ensure meaningful and lasting change. In 2024:

- 86% of Tier 1 & 2 facilities audited were issued a CAP.
- 98% of CAPs were fully closed within the agreed timeframes and supported by verified evidence. 2% of CAPs, representing one Tier 2 supplier, remain ongoing in 2025 due to longer-term capacity building needs based on the audit findings. Everlane is actively supporting this supplier with the help of third parties in their efforts to close out these plans in alignment with our standards and due process.
- All CAPs were reviewed and maintained by Everlane's Sustainability team for year-over-year tracking.

Everlane's CAP process is designed not only to resolve audit findings but to drive meaningful, long-term improvement. Each CAP begins with a collaborative root cause analysis between Everlane and the supplier to ensure that corrective actions address the underlying issues. Throughout the remediation period, Everlane provides ongoing support, including regular check-ins to guide the supplier through implementation if needed. Before any CAP can be formally closed, all corrective actions must be substantiated with credible evidence, such as documentation, photographic proof, or direct observation during a follow-up assessment.

#### **Training Tools for Capacity Building**

Everlane provides access to training and tools to facilitate effective remediation efforts throughout the CAP process, including digital learning courses through LRQA's [EiQ Learn](#) and, when necessary, partnering with local civil society experts to engage suppliers and provide tailored training.

#### **Re-audit Requirements**

Facilities that fail to meet Everlane's minimum performance standards are required to undergo a re-audit. These re-audits are conducted by third-party auditors and serve as a key verification step in our due diligence process. The purpose of the re-audit is to validate that the corrective action plan has been fully implemented, confirm that risk mitigation strategies are functioning as intended, and provide updated, third-party verified data to inform Everlane's internal risk tracking systems. This process ensures that remediation efforts are not only completed, but effective and sustained over time.

### **E. Special Investigations and Interventions for Critical Issues in Audits**

Everlane proactively initiates Critical Issues Assessments, also known as Special Investigations, whenever social compliance audits uncover significant concerns requiring deeper analysis than standard Corrective Action Plans (CAPs) allow. Conducted by independent third-party specialists in collaboration with local civil society groups, these assessments specifically target allegations or significant indicators of forced labor, child labor, severe workplace safety violations, or harassment, providing crucial insight for addressing critical risks within our supply chain.

In 2024, Everlane conducted two Special Investigations aimed at directly addressing heightened forced labor and harassment risks identified during audits and worker feedback. The first investigation was prompted by results from a Worker Sentiment Survey that flagged possible verbal and physical harassment at one supplier facility—a risk indicator of potential forced labor. A thorough investigation conducted by an independent third-party revealed that the responses were the result of workers misunderstanding the survey questions, rather than genuine incidents of harassment. This external investigation confirmed there was no verified harassment occurring and no ongoing risk of harassment at the facility. The process enabled Everlane to provide crucial feedback to the survey provider, recommending improvements for future worker comprehension to enhance the reliability and effectiveness of forced labor risk identification.

The second investigation focused on a Tier 2 spinning mill that received one critical noncompliance finding during their audit related to gaps in disciplinary procedures, citing gaps in disciplinary procedures that signaled limited preparedness to meet international labor standards. Importantly, no evidence or indicators of forced or child labor were discovered during the audit or investigation. However, given the nature of the findings—including weaknesses in grievance mechanisms and formal migrant labor policies—Everlane proactively deployed a third-party remediation specialist to strengthen the supplier's systems and ensure that appropriate safeguards were in place to prevent any future risks. Through this engagement, the supplier received in-country support focused on aligning its practices with Everlane's standards and international best practices. Key actions included the removal of financial penalties from disciplinary procedures, the adoption of non-coercive accountability systems, and the establishment of an anonymous grievance mechanism accessible to all workers. Training was also provided to facility managers on how to conduct proactive interviews with migrant workers to detect and address potential recruitment fee noncompliances—a risk indicator of potential forced labor when left unmonitored. To further align with Everlane's expectations, the supplier revised its internal written policies to reflect adherence to the Employer Pays Principle, ensuring that recruitment-related costs are never transferred to workers. All training, documentation support, and communication were delivered in the local language to ensure clarity and understanding across the workforce. The remediation process is ongoing and expected to conclude in mid-2025, followed by a re-audit to verify full implementation of corrective measures.

These Special Investigations illustrate Everlane’s diligent approach to identifying, investigating, and addressing severe forced and child labor indicators within our supply chain, significantly reinforcing our broader due diligence framework.

## **VI. Training**

Everlane partners with trusted third-party experts to develop and facilitate comprehensive training programs focused on assessing, mitigating, and preventing forced/child labor in the supply chain.

### **A. Internal Trainings**

In 2024, Everlane continued to deliver training for internal teams with responsibilities related to sourcing, supplier management, and sustainability. These sessions covered:

- Definitions and key indicators of forced and child labor.
- International labor standards and best practices.
- Relevant regulations including the California Transparency in Supply Chains Act, the US Uyghur Forced Labor Prevention Act, and Canada’s Bill S-211.
- Company-specific policies such as the Vendor Code of Conduct, No Conflict Cotton Agreement, and Do Not Source Country/Region List.

Trainings were developed by third-party labor rights experts and updated to reflect evolving global risks and legal obligations. Teams who work directly with suppliers, like Sustainability, Sourcing, Product Development, and Technical Design, received updated training in 2024. Additional trainings are provided on an as-needed basis during sourcing trips or supplier onboarding, and all materials are reviewed and refreshed at least twice per year to ensure continued compliance.

### **B. Supplier Trainings**

Supplier training is typically delivered through the corrective action process or in response to identified risks. In 2024, facilities that were issued in-depth trainings administered by LRQA as part of their CAP were trained on the topics of Working Hours (understanding the importance of controlling working hours, identifying working hour standards, and recognizing and addressing the root causes of long hours) and Managing Wages (explaining how wages are calculated in time-based and piece-rate systems, recognizing what information should be included in pay slips, and setting wage levels that meet legal and living wage requirements).

## **VII. Partnerships and Reporting**

Addressing the root causes of forced and child labor requires multi-stakeholder collaboration, data sharing, and cross-sectoral alignment. We work with key stakeholders, industry organizations, and third-party experts to strengthen our due diligence and remediation programs while contributing to broader industry efforts.

**LRQA** — LRQA is Everlane’s third-party auditing firm and host of the suite of EiQ data and analytics tools. Through our LRQA partnership, we can perform annual reviews of audit assessment findings, leverage EiQ data to capture supplier performance trends, and independently assess Everlane’s activities regarding the prevention of forced/child labor.

**Arche Advisors** — Arche Advisors is a social compliance and human rights consultancy that helps companies operationalize responsible sourcing and strengthen supply chain due diligence. In 2024, we partnered with Arche Advisors to conduct third-party special investigations and advise on the development of tailored mitigation and remediation plans. Arche also delivered targeted internal trainings for Everlane’s sourcing, sustainability, and product teams, focusing on forced and child labor indicators, regulatory compliance, and responsible supplier engagement.

**Altana AI** — Altana is an AI-powered supply chain intelligence software and risk management tool. Through this partnership, we are able to map upstream risks and supply chain nexuses on a country/region, supplier, and commodity level for further analysis and prioritization.

**Industry Engagements** — Everlane partners with a number of industry organizations and working groups to address the underlying causes and risks of forced/child labor in the supply chain. Industry organizations and partnerships in which we

were actively engaged in 2024 include: American Apparel & Footwear Association, Fair Labor Association, Commitment to Responsible Recruitment, Cascale (FSLM), Transparency Pledge, Social & Labor Convergence Project, Coalition to End Uyghur Forced Labor, and Cotton Pledges Against Forced Labor. Everlane also engages with other brands/buyers operating in our shared supply chain and is in the process of formalizing structures and avenues for information sharing and data collection to address risks together.

**Transparent Reporting** — Everlane transparently publishes an annual Impact Report, which outlines our environmental and social progress, key milestones, and challenges. This public report includes updates on our human rights program, audit performance, and traceability initiatives.

## **VIII. Remedy**

Remediation plays a key role in Everlane’s due diligence approach, helping us thoughtfully respond to any confirmed or potential risks of forced or child labor within our supply chain. In line with international human rights principles, our approach prioritizes worker safety, restoration of rights, and prevention of future harm, as outlined in previous sections of this report.

Following these monitoring and verification activities, no confirmed instances of forced labor or child labor were identified in Everlane’s supply chain during the 2024 reporting period. As such, no formal remediation actions were required under our Forced Labor or Child Labor Remediation Policies. Because no instances of child labor were identified, no remediation related to the loss of income for impacted families was required.

Nonetheless, Everlane used this period to strengthen our remediation protocols and enhance supplier capacity to respond to future risks. Corrective Action Plans issued for audit findings were fully resolved and verified, and in one case, a Tier 2 supplier underwent a proactive remediation and re-training program following a Special Investigation to prevent potential future violations, even though no forced or child labor was found.

As part of our continuous improvement model, Everlane will continue to refine our remediation procedures, increase cross-functional coordination, and engage with third-party experts and civil society organizations to ensure that if harm is ever identified, the appropriate corrective steps are taken swiftly, thoroughly, and with the best interest of affected workers in mind.

## **IX. 2025 Ambitions**

Everlane remains committed to continuous progress and improvement in addressing forced and child labor risks throughout our supply chain. Building upon our 2024 initiatives, including expanded audits, critical issues assessments, and targeted remediation programs, we are dedicated to further enhancing our risk mitigation strategy in 2025. Leveraging insights from our comprehensive gap analysis conducted by LRQA in 2024, Everlane will prioritize strengthening our due diligence framework in alignment with the International Labour Organization’s (ILO) 11 indicators of forced and child labor.

Following the completion of our ongoing pilots, implementation of a selected traceability solution is planned for FY2025. These technologies will strengthen our ability to detect and respond to forced labor and child labor risks by enabling more accurate mapping of sourcing origins, especially for high-risk commodities and regions. In parallel, Everlane will expand Tier 2 auditing to cover an even larger portion of our strategic Tier 2 supplier base, deepening visibility into facilities where fabric processing and finishing steps occur.

Throughout 2025, Everlane also aims to enhance existing remediation protocols and provide targeted training to suppliers deeper in our supply chain beyond Tier 1, further mitigating forced and child labor risks identified through this analysis. Our ongoing ambition is to create a robust, proactive due diligence framework that not only addresses risks when they arise but actively prevents them, driving lasting improvements in labor practices across our global supply network.

## **X. 2024 Risk Retrospective**

To prepare this report, Everlane conducted an internal risk assessment of all active suppliers continuing into 2025. This evaluation reviewed supplier performance against the International Labour Organization’s 11 indicators of forced labor, as well as region- and product-specific risks. We analyzed third-party audit findings, worker sentiment surveys, and risk intelligence from EiQ and Altana AI. While no instances of forced or child labor were identified during the 2024 reporting

year, the assessment reinforced key areas for continued focus, particularly responsible recruitment, access to grievance mechanisms, and working-hour compliance. Insights from this review inform and guide Everlane's ongoing efforts in our 2025 forced and child labor risk prevention and mitigation strategy.

This statement is pursuant to Bill S-211, An Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act for the 2024 financial year, ending on January 31, 2025. It has been issued on behalf of Everlane Inc. and approved by Everlane Inc.'s board of directors.

Signed,

A handwritten signature in black ink, appearing to read 'Alfred Chang', written in a cursive style.

Alfred Chang  
Chief Executive Officer

May 30, 2025

