



Introduction

At TAG, our mission is to lead the closet industry with innovative storage solutions, differentiated by design. Our values that help us achieve our success are: holding our operations to the same high standards as our products, being efficient throughout the business and having a positive culture that embraces continuous improvement. Part of maintaining these values includes embracing social responsibility throughout our business operations. We respect and support human rights and have zero toleration for forced labour, child labour or any other form of slavery within our operations or our suppliers.

As required by “*The Fighting Against Forced Labour and Child Labour in Supply Chains*”, this is a report for Tag Hardware Systems providing details on the actions taken during the fiscal year to reduce the risk of forced labour or child labour within its supply chain and operations.

Steps taken by TAG Hardware to reduce risk of forced labour or child labour:

In 2023, TAG has taken the following steps to reduce the risk that forced labour or child labour is used within our operations and supply chain:

- Intensive Hiring Process at TAG - Includes an agreement which clearly defines the rights and responsibilities of the employee, benefits and wages, working hours, and grounds of termination (as per BC Employment Standards Act).
- Annual review of the business policies in the handbook with updates being communicated to all team members.
- Ongoing training for staff on TAG’s core values.
- Health and safety committee which meets on a regular basis to ensure all proper safety standards are met.
- Overseas supplier site visits by our operations/supply chain team to confirm whether their working environment meets TAG’s expectations. These visits are done with the purpose of ensuring our suppliers can commit to TAG’s principles of providing quality work while also ensuring moral standards are met which prohibits forced labour or child labour.

Structure, Activities and Supply Chain

Structure:

TAG’s mission is “to lead the closet industry with innovative storage solutions, differentiated by design”. We currently employ 60 people and follow a departmental team structure which allows our employees excel in their areas of expertise with the right support and guidance. At TAG we promote a positive working environment and value the ingenuity, integrity and hard work of all our employees. Our facility is located in Surrey, British Columbia, Canada, and we customers located in various countries including the United States, Germany, China, and United Arab Emirates (UAE).

Activities:

TAG's activities include: Designing, Engineering and Manufacturing products for the closet and modular furniture industry.

All of our manufacturing and production processes take place at our 32,000 square foot plant located in Surrey, British Columbia. This plant houses plastic injection machines, assembly work stations and a warehouse where we develop and produce our patented products.

TAG works closely with customers across North America to help provide best of the engineered closet accessories and hardware systems that TAG has to offer.

Supply Chain:

TAG works with various suppliers internationally to source quality materials which are used in our manufacturing and production processes. In sourcing suppliers, TAG aligns itself with partners who follow high moral standards and do not engage in practices such as child labour and forced labour. TAG promotes its values of integrity throughout the organization and expects the same from its partners. Through promoting responsible practices, TAG aims to create a strong network who share our commitment to ethical practises and compliance with all national and international standards and legislation.

Policies and Due Diligence Processes

Company Handbook and Policies:

Our values and policies are presented in the company handbook which is readily available to all team members. The policies are created and reviewed according to the Employment Standards Act which allows us to help provide a fair and respectful working environment for all our members.

Our policies have been derived following various guidelines including Human Rights Code, Canadian Human Rights Act, and United Nations Universal Declaration of Human Rights.

TAG's Commitments:

Compliance with all local and international rules and regulations: TAG is committed to acting within all local and international rules and regulations. TAG's policies prohibit any child labour or forced labour and we expect the same from our suppliers.

Due Diligence on New Suppliers: TAG believes in forming long term relationships with its business partners. This means that when we onboard a new supplier, significant amount of due diligence is performed to ensure the supplier meets TAG's standards for quality and for ensuring compliance with all relevant laws and regulations. This includes standing against forced labour and child labour.

Communication: We believe in open communication with our business partners and require and expect actual or possible violations with respect to human rights to be reported and we take appropriate action to address any such issues. Management has an open door policy when any such violations can be reported on a confidential basis.

Forced Labour and Child Labour Risks

In the case of TAG, the purchasing of materials used in the manufacturing process carries out a risk of labour or child labour. We are committed to being socially responsible and helping reduce the risk of forced labour and child labour. Some of the ways in which we manage the risks related to forced labour and child labour are:

- Our company handbook lays out the company's values and policies according to the Employment Standards Act.
- Intensive HR processes.
 - Hiring – we require documents confirming the age and legal working status of new hires for review and perform background checks.
 - New hire and Annual reviews are performed across the board helping ensure that all members are treated and compensated fairly.
- Supplier Due Diligence: Prior to working with a supplier, we engage in conversations to understand not only the quality of the products that a supplier is offering, but also the quality of the management team. We aim to work with partners who show exception ethical standards and share TAG's values of ensuring everyone in the workplace is treated as an equal and unequivocally reject forced labour and child labour.
- Supplier Visits: Supply chain team performs regular visits to our suppliers to gain a better understanding of their operations and during the visits, observations are made to ensure suppliers are not utilising forced labour or child labour.

Remediation

We have not come across any instances of forced labour or child labour within our operations. We are committed to taking all actions necessary to provide remediation to those affected if there is ever a suspected activity of child labour or forced labour.

Training

Ensuring that all employees have access to and acknowledge the company handbook which provides details on the company's policies, code of conduct, and values. This is accessible through our payroll portal to each employee and is also shared with any new employees prior to their start date.

In addition, the importance of ethical conduct is reiterated to our employees at our town hall meetings which are held once a quarter.

Assessing Effectiveness

TAG remains committed to ensuring a safe and fair place for all its employees. We will continue to reiterate the importance of ethical conduct to all our employees and will provide training on an ongoing basis. Our human resources policies remain effective in ensuring all employees hired by TAG have a valid working status in Canada and are of the appropriate age to conduct the work.

TAG will continue to look for areas where we can further improve in ensuring there is no forced labour or child labour in our supply chain. We are working to develop and implement our practices to include our supply chain partners and getting a commitment in writing from them that they oppose any forced labour or child labour at any of their factories. In addition, TAG will continue to conduct site visits to our suppliers to ensure the policies are being implemented on the ground.

Approval and Attestation

This report was approved by the President on May 31, 2025

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

A handwritten signature in black ink, appearing to be 'M. Harder', written in a cursive style.

Michael Harder
President, Tag Hardware Systems Ltd.