

## **BIRKENSTOCK CANADA LTD disclosure requirement under the Canadian Bill S-211 Fighting Against Forced Labour and Child Labour in Supply Chains Act for the financial year 2023 (1<sup>st</sup> of October 2022 to 30<sup>th</sup> of September 2023).**

**Reporting entity's legal name:** Birkenstock Canada Ltd

**Identification of a revised report:** This is Birkenstock Canada Ltd's final report

**Business number:** Birkenstock Canada Ltd entity number - 1174516436

**Identification of a joint report, if applicable:** This is not a joined report

**Identification of reporting obligations in other jurisdictions:**

- UK Modern Slavery Act 2015 (reported by Birkenstock UK and Birkenstock Group)
- German Act on Corporate Due Diligence Obligations in Supply Chains 2023 (reported by Birkenstock Group)

**Entity categorization according to the Act:** Corporation

**Sector/industry:** Wholesale Trade, Retail Trade

**Location:** 230-100 Promenade des Lanternes, Brossard QC, J4Y 0N7, Canada

### **1. STEPS TAKEN TO PREVENT AND REDUCE RISKS OF FORCED AND CHILD LABOUR IN 2023**

Our Code of Conduct for Business Partners (CoCBP) is our long-standing global programme that communicates and ensures the minimum requirements regarding social, environmental and working conditions that are expected to be met by all BIRKENSTOCK business partners. It addresses issues such as child labour, forced or bonded labour, responsible recruitment and excessive working hours. We set clear expectations for our business partners, and the document forms the basis for developing dialogue and shared values.

In 2023, we made major changes in our CoCBP due to the emerging issues in the global value chains, which led to the revision of our CoCBP to align with the requirements of environmental and social developments and to ensure that it remains a relevant and effective tool. It was an extensive revision that introduced improved features and approaches and involved many employees, outside experts and management.

We developed our global Modern Slavery Risk Assessment approach and system internally with an experienced human rights consulting firm. It covers our business partners and raw material suppliers as well as our own production sites, logistics, stores and offices. We conduct an annual assessment to evaluate and update our systems to identify and address risks in our supply chain. BIRKENSTOCK is working towards mapping these risks further in the supply chain and expanding engagement with deeper-tier suppliers.

We engineer and produce 100% of our footwear within the European Union, which is one of the safest and most regulated markets in the world.

Our vertical manufacturing and "Made in Germany" approach enables us to control our operational footprint and apply a highly resilient, quality-first methodology. We set the

highest standards for quality, efficiency and delivery, which we execute across all manufacturing sites with full transparency and control. We provide extensive training to our employees to pass down the best practices we have learned over 250 years of manufacturing tradition.

We are committed to conducting our business with integrity, respect for human rights, and in compliance with all applicable laws and regulations. We expect the same commitment from our business partners and encourage them to report any suspicions and concerns related to modern slavery through our confidential reporting channel “BIRKENSTOCK SpeakUP line”.

## 2. STRUCTURE, ACTIVITIES AND SUPPLY CHAIN

BIRKENSTOCK is a revered global brand with a heritage in iconic footwear, rooted in function, quality and tradition dating back to 1774. With over 5,000 employees worldwide, we are also one of the German footwear industry’s biggest employers.

Our production capabilities reflect centuries-old traditions of craftsmanship and commitment to using only the highest quality materials. To ensure each product meets our rigorous quality standards, we operate a vertically integrated manufacturing base and produce all our footbeds in Germany. In addition, we assemble over 95% of our products in Germany and produce the remainder elsewhere in the EU.

We source over 90% of our materials, such as raw materials, including cork, leather, EVA adhesives, natural latex, jute, wool felt and buckles and components, from almost 200 suppliers located in Europe. We favour suppliers from Europe and strive to form long-lasting relationships built on mutual trust, with an average tenure of 15 years for our top 25 partners, who represented 70% of raw materials and semi-finished goods sourced. Certain materials and components, representing less than 10% of the total value of our raw materials, originate from outside of Europe. Examples include jute and latex, which are not grown in Europe. We buy these materials mainly from EU-based importers and have full transparency of their sources, which we visit frequently to ensure compliance with our strict guidelines on responsible sourcing practices.

We use responsibly sourced raw materials in the production of our silhouettes in compliance with strict ethical and social standards based on industry best practices. We include the CoCBP as a mandatory component of all new and extended procurement agreements, and we also implement similar procedures as part of new distribution and wholesale agreements.

BIRKENSTOCK has multiple locations in Germany, in the states of North Rhine-Westphalia, Rhineland-Palatinate, Hesse, Bavaria, Saxony and Mecklenburg-Western Pomerania. We have 6 production units in Germany, 1 in Portugal and 2 own warehouses in Germany. We also operate own sales office in the in the United States, Brazil, Japan, Denmark, Poland, Switzerland, Sweden, Spain, the United Kingdom, France, Norway, the Netherlands, Dubai, Singapore and India. In Canada we import goods from a related party from Germany, store the goods with a 3PL (UPS SCS or Geodis Canada) and then distribute the goods to our retail partners (wholesale sales) or sell the goods directly to our end customers through our own ecommerce website.

### 3. BIRKENSTOCK POLICIES AND DUE DILIGENCE PROCESSES

We have developed and are further implementing a suite of documents, mainly our Human Rights Policy and CoCBP which guide our approach to prevent modern slavery, including forced and child labour, in our global supply chain and act ethically and with integrity in all our business relationships. BIRKENSTOCK requires that its business partners follow the same principles which is also reflected in the CoCBP and to maintain transparency in the supply chain. We also conduct Human Rights Due Diligence assessments.

Our CoCBP is our long-standing programme that communicates and ensures the minimum requirements regarding social, environmental and working conditions that are expected to be met by all BIRKENSTOCK business partners. It addresses issues such as child labour, forced or bonded labour, responsible recruitment and excessive working hours. We set clear expectations for our business partners, and the document forms the basis for developing dialogue and shared values.

With the help of our risk assessment tool, we have created a human rights due diligence process to help identify risks related to modern slavery. We have expanded the use of this tool to all our raw material suppliers and Tier 1 suppliers. As this will always be an ongoing process, it helps us to identify risks and opportunities to further support our suppliers when it comes to best practices, and it serves as an ongoing platform to monitor the effectiveness of programs in addressing and minimising risks related to forced labour and child labour.

Through data collection and analysis, we can identify and categorise potential risk factors. These factors are based on a defined set of criteria, including geographical location, industry sector, supplier behaviour, and country-specific labour regulations.

Our CoCBP is based on core international labour organizations conventions and incorporates the Principles of the UN Global Compact and states its commitment to the fundamental human rights principles as recognized in the Universal Declaration of Human Rights.

We continue to regularly review and update our policies and due diligence processes to ensure their effectiveness and alignment with best practices.

### 4. FORCED LABOUR AND CHILD LABOUR RISKS

Our supply chain risk analysis, including forced labour and child labour screens, was supported by an experienced human rights consultancy working alongside several departments. We analysed our entire supply chain and clarified what business areas fell within our direct circle of influence.

We have multiple categories of business areas including raw material suppliers, contract manufacturing suppliers, own factories, own warehouses and retail stores.

Our scope for this year were raw material suppliers, own factories, own warehouses, owned offices and logistics.

The methodology combined both industry level and country level risks underpinned by feedback from relevant BIRKENSTOCK stakeholder groups.

The risk is based on our market understanding and research combined with country risks identified by our risk matrix. There has been no concrete evidence of a forced labour and child labour violation in BIRKENSTOCK's supply chain – these are preventive measures taken by us to minimize any future risks.

Internally, we initiated the process by disseminating questionnaires and conducting extensive interview sessions with key stakeholders across various departments involved in supplier interactions. These interactions provided insights into the complexities of our supply chain network, supplier relationships, and the vulnerabilities that might exist within them. By engaging with coworkers at different levels and departments, we ensured a holistic understanding of the risks associated with our procurement processes and supplier dependencies.

Simultaneously, we recognised the importance of monitoring external factors that could impact our supply chain resilience. We proactively monitored and analysed the risk landscape in countries from which we source raw materials including any evidence to systemic forced labour and child labour practices. This involved staying abreast of geopolitical developments, regulatory changes, and other factors that could pose risks to the stability and reliability of our supply chain.

Through the integration of internal insights gathered from questionnaire responses and interviews, coupled with external risk monitoring efforts, we established a robust foundation for our risk analysis process and decision making.

## 5. REMEDIATION MEASURES

There has been no evidence of a forced labour and child labour violation in BIRKENSTOCK's supply chain within the reporting period.

## 6. REMEDIATION MEASURES OF LOSS OF INCOME

There has been no evidence of forced labour and child labour violations in BIRKENSTOCK's supply chain thus no loss of income to the most vulnerable families was recorded within the reporting period.

## 7. TRAINING

BIRKENSTOCK's CoCBP, Code of Ethics and Human Rights Policy guide our approach to deliver employee trainings. We proactively share the documents with our employees with special focus on the sourcing teams. We will continue investing in further trainings to ensure completeness.

## 8. ASSESSING EFFECTIVENESS

We are driving forced labour and child labour with our CoCBP document and Modern Slavery Statement. The documents highlight its implementation of forced labour and child labour at supplier premises and how by several methods a company can have the system and processes in a more regulated way.

We integrated the BIRKENSTOCK CoCBP in our procurement process to further safeguard the selection of our Business Partners. This document is crucial at the supplier selection process and supplier must adhere to the document or equivalent.

We plan to conduct training sessions and offer assistance in implementing necessary measures. By fostering collaboration and support, we aim to empower suppliers to uphold the highest standards of forced labour and child labour prevention, fostering a culture of responsibility throughout our supply chain.

We have created appropriate governance structures that support effective supply chain risk management and disseminating the culture of risks identification and remediation.

We are conducting on site supplier assessments based on our CoCBP. A process with detailed steps was established such as document review, interviews with management and employees, physical inspection, data analysis, reporting and follow up and monitoring. The CoCBP sets guidelines for engaging with suppliers, promoting respectful and collaborative relationships. It emphasises labour standards, fair treatment, non-discrimination in order to foster trust and cooperation with suppliers.

With the help of on-site supplier audits and assessments we can already conclude that suppliers are very supportive of our onsite reviews and the reporting and documentation requirements that follow. Suppliers are in general very supportive for reasons of supply chain transparency and traceability.

The BIRKENSTOCK ESG Team is responsible for annual review and effectiveness of the relevant risk management measures.

## 9. APPROVAL AND ATTESTATION

*This report was approved pursuant to section 11(4)(a) of the Act by the sole director of Birkenstock Canada Ltd on May 28, 2024.*

*In accordance with the requirements of the Act, and in particular section 11 hereof, 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.*

*Full name: David Kahan - CEO Birkenstock USA LP*

*Signature*

*David Kahan* \_\_\_\_\_

*"I have the authority to bind Birkenstock Canada Ltd".*