



## ***Supply Chains Act Report (Fiscal 2023)***

### **ABOUT THIS REPORT**

ABC Technologies Holdings Inc. ("**ABC Holdings**") has prepared this report (the "**Report**") pursuant to Section 11 of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "**Act**") for the financial year ended December 31, 2023 (the "**Reporting Period**"). This is a joint Report made on behalf of ABC Holdings, ABC Group Intermediate Holdings Inc., ABC Technologies Inc., ABC Group Limited, Great Lakes Tooling & Automation Inc., and ABC Technologies WMG Inc. (collectively, the "**ABC Reporting Entities**"). All references in this Report to "we", "us", or "our" refer to the ABC Reporting Entities.

This Report describes the steps taken to enhance transparency in our supply chains by outlining the steps taken during the 2023 financial year to prevent and reduce the risk that forced labour or child labour ("**Modern Slavery**") is used at any step of the production of goods in Canada or elsewhere, or of goods imported into Canada. This has been done in accordance with the reporting criteria outlined in Sections 11(1) and 11(3) of the Act.

Neither ABC Holdings nor any of its subsidiaries report under similar legislation in any other jurisdiction.

### **COMPANY STRUCTURE, ACTIVITIES AND SUPPLY CHAIN**

#### ***Company Structure***

ABC Holdings is a holding company based in British Columbia. It owns subsidiaries that manufacture and supply custom, highly engineered technical plastics and lightweight products to the North American light vehicle industry. Up until September 2023, ABC Holdings was publicly traded on the Toronto Stock Exchange (TSX: ABCT) and has since been taken private. ABC Holdings is incorporated under the laws of British Columbia and headquartered in Toronto, Ontario.

ABC Holdings owns subsidiaries globally, including in Canada, Japan, Mexico, Spain, Czech Republic, and the United States (together with ABC Holdings, the "**ABC Group**"). For a full list of ABC Holdings' material subsidiaries and their respective jurisdictions of incorporation, see pages 7 and 8 of ABC Holdings' most recent Annual Information Form [here](#).<sup>1</sup>

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<sup>1</sup> ABC Holdings no longer owns the subsidiaries listed in Brazil or Poland.

### **Activities**

ABC Holdings is a holding company with no business operations. It controls the ABC Reporting Entities, which are captured by subsection 9(a) and 9(b) of the Act.

The ABC Group, including the ABC Reporting Entities, is a leading manufacturer and supplier of custom, highly engineered, technical plastics and lightweighting innovations to the North American light vehicle industry, serving more than 25 OEM customers globally through a strategically located footprint. The ABC Group's integrated service offering includes manufacturing, design, engineering, material compounding, machine, tooling and equipment building that are supported by a worldwide team. The ABC Group offers three product groups: Interior Systems, Exterior Systems, and HVAC Systems, Fluid Management & Other (including Air Induction Systems and Flexible Products).

For more information, see [www.abctechnologies.com](http://www.abctechnologies.com).

### **Supply Chains**

ABC Holdings does not have any suppliers.

In 2023, the ABC Reporting Entities sourced products and inputs from multiple vendors. Key suppliers supplying to Canada based plants are located in North America.

The ABC Group procures raw materials from a variety of suppliers for use in its manufacturing processes. Based on available quality and supply, ABC Group seeks to obtain materials in the region in which its products are manufactured in order to minimize transportation and other costs. The primary raw materials used to produce the majority of ABC Group's products are PP Based Filled Material, Polypropylene, High Density Polyethylene, PCABS, Nylon, Isocyanate and Hytrel, which are derived from natural gas, crude oil and other petrochemical intermediates. Most of the resins ABC Group uses are of engineered grades.

The ABC Group believes its principal suppliers have the capabilities and capacity to support its customers' specifications and volume expectations. ABC Group typically sources raw materials or components for a given part from a single supplier. Although ABC Group is generally able to substitute suppliers for raw materials and components without material short term costs; however, validation, testing and customer approval are required prior to making a change.

### **POLICIES AND DUE DILIGENCE**

The ABC Group takes a company-wide approach to its Modern Slavery compliance. The ABC Group has a zero-tolerance approach towards any form of Modern Slavery, human trafficking, forced or involuntary labour and child labour.

The policies and procedures discussed in this report, including the Code of Business Conduct and Ethics ("**Code**"), Supplier Code of Conduct ("**Supplier Code**"), Supplier Quality and Development Manual ("**Supplier Manual**"), Purchase Order Terms and Conditions ("**PO Terms**") Health and Safety Policy, Environmental, Social and Governance Policy ("**ESG Policy**"), and Conflict Mineral Reporting Supplier Requirements process ("**CM Reporting Process**"), apply to all entities in the ABC organization, including the ABC Reporting Entities.

## Policies

### *Code of Business Conduct and Ethics*

The Code was issued to deter wrongdoing and promote business principles, including:

- Honest and ethical conduct;
- Compliance with applicable governmental laws, rules and regulations;
- The prompt internal reporting of any violations of the Code to an appropriate person or person identified in the Code; and
- Accountability for adherence to the Code.

The Code provides guidance to personnel on their ethical and legal responsibilities. It is designed to help them make the right choices and decisions if and when they are confronted with difficult situations; and is our minimum standard of expected behavior. The Code also requires adherence to all national, provincial or other local employment laws. In addition to any other requirements of applicable laws in a particular jurisdiction, the Company policy prohibits discrimination in any aspect of employment based on race, color, religion, sex, national origin, disability or age, within the meaning of applicable laws. We expect all directors, officers and employees worldwide to comply with the Code, and we are committed to taking prompt and consistent action against violations of the Code. Violation of the standards outlined in the Code may be grounds for disciplinary action up to and including termination of employment or other business relationships. Employees, officers and directors who are aware of suspected misconduct, illegal activities, fraud, abuse of the Company's assets or violations of the standards outlined in the Code are responsible for reporting such matters.

The Code contains an acknowledgement that all employees are required to sign and return to the Human Resources Department. In addition, the Code contains options for anonymous whistleblowing reports to be made.

### *Supplier Code of Conduct*

The Supplier Code formalizes the key principles under which suppliers to the ABC Group are expected to operate. In selecting suppliers, the ABC Group seeks to select reputable business partners who are committed to ethical standards and business practices compatible with those of the ABC Group.

The Supplier Code formalizes the ABC Group's practices and makes clear that, recognizing differences in cultures and legal requirements, we expect that wherever its products and the components that comprise them are produced, they are produced in a manner compatible with the high ethical and legal standards that contribute to the outstanding reputation of the ABC Group and its businesses. Suppliers are expected to comply with the Supplier Code.

Suppliers or their employment agencies cannot use child labor in any form. Suppliers may not assign, require, or permit any person under the age of 18 to enter and of the ABC Group's premises or work on suppliers' projects in connection with performing the supplier's services. Each supplier must be able to verify that all its employees, and require that its business partners ensure that their employees comply with the ILO Minimum Age Convention (No. 138), a copy of which is appended to the Supplier Code as Appendix "A". Regardless of local regulations, suppliers must not use anyone under the age of 18 in a role that jeopardizes health or safety.

In addition, there are a number of further requirements in the Supplier Code, including:

- All suppliers must comply with local laws and employees bargaining agreements regarding working hours. Suppliers must ensure that all employee overtime is voluntary and consistent with local laws. Overtime must be agreed to in advance and must be compensated at a higher rate than standard time where applicable.
- Suppliers must meet all local laws when it comes to wages and other benefits. Suppliers are not allowed to use wage deductions to punish employees. Suppliers must provide written wage statements to all employees. Suppliers must pay equal wages for equal work.
- Suppliers must not allow harsh or inhumane treatment of employees both physical and psychological. Suppliers must have disciplinary policies in place to address instances of harsh or inhumane treatment of employees.
- Suppliers cannot force employees or potential employees to pay recruitment fees. Employment brokers acting on behalf of the supplier must be ethical and comply with all local laws. Suppliers cannot mislead or defraud potential employees about the nature of work during the recruitment process.
- Suppliers must have a way for employees to report integrity, human rights, safety, and misconduct issues or concerns. The system must be safe and anonymous and reasonable protection must be provided to the whistleblower. In addition to employees, subcontractors and the community must also have a way to report issues. Suppliers must implement a policy prohibiting retaliation against those who raise concerns and must ensure that all reports are investigated, and corrective actions, where merited are implemented.
- Suppliers must communicate these expectations to their suppliers throughout the supply chain.

Further, suppliers whose products or services are used by the ABC Group in products for certain customers must comply with those customers' policies. For example, General Motors has a Human Rights Policy, Conflicts Minerals Policy, and Responsible Minerals Sourcing Policy that it expects the ABC Group's suppliers to follow if they provide inputs to products that General Motors purchases from the ABC Group.

#### *Supplier Quality and Development Manual*

The purpose of the Supplier Manual is to define for the ABC Group's current and potential new suppliers the expectations and requirements imposed by the ABC Group that are the backbone of a long term mutually beneficial and profitable relationship. ABC Group will assess each supplier's ability to comply with the requirements contained in the Supplier Manual and based on the perceived risk assessment, which may include an on-site audit of the facility by ABC Group's Supplier Quality Assurance (SQA) or plant personnel.

In addition, the Supplier Manual requires all supplier employees to be competent and qualified for their job function. The supplier must ensure this through appropriate internal and external training courses. A training record must be available for all employees producing a product or service for the ABC Group.

ABC Group requires suppliers to acknowledge and comply with the requirements contained in the Supplier Manual.

### *Conflict Mineral Reporting Supplier Requirements*

Suppliers participate in ABC Group's conflict mineral due diligence and reporting process. In order to facilitate the due diligence and reporting process, suppliers should take the following measures:

- Enroll their company in the iPoint Conflict Minerals Platform (iPCMP), which is used by numerous Tier 1 automotive manufacturers and suppliers. The iPCMP is an interactive software application that allows for the collection, management and reporting of conflict minerals data. The software also enables the tracking of country-of-origin inquiries on conflict minerals.
- Upload into the appropriate iPCMP website panel the required supplier and smelter data for any of the conflict minerals or derivatives, including any compounds in which such derivatives are used, for any products supplied to ABC Group after January 1, 2013. Suppliers must ensure to input on this site smelter data for any of the potential conflict minerals and derivatives. If suppliers have contracted to supply ABC Group or any of the ABC subsidiaries, affiliates, joint-ventures or related companies with products, the supplier's report through iPCMP is due by May 30th of every year.

Suppliers are expected to implement the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas ("**OECD Guide**") and distribute same to their direct and indirect suppliers.

### *Purchase Order Terms & Conditions*

The ABC Group uses a standard form purchase order that contains terms and conditions. Among other terms, sellers represent that:

- The seller, its employees, agents, representatives and contractors (and all supplies delivered by seller hereunder) shall at all times comply with any and all applicable laws, rules, regulations, codes, orders, ordinances and standards of the jurisdictions in which the supplies, and the products containing the supplies, are to be sold; and
- The seller represents that neither it nor any of its subcontractors will utilize child, slave, prisoner or any other form of forced or involuntary labor, or engage in abusive employment or corrupt business practices, in the provision of the Supplies, and at the ABC entity's request, the seller shall certify in writing its compliance with the foregoing.

### *United Nations Global Compact: Letter of Commitment*

On December 10, 2019, ABC Technologies Inc. confirmed its commitment to support the Ten Principles of the United Nations Global Compact on human rights, labour, environment, and anti-corruption. The Principles include:

- Supporting and respecting the protection of internationally proclaimed human rights;
- Ensuring the business is not complicit in human rights abuses;
- Upholding the freedom of association and the effective recognition of the right to collective bargaining;
- Eliminating all forms of forced and compulsory labour;
- Effectively abolishing child labour; and
- Eliminating discrimination in respect of employment and occupation.

ABC Technologies Inc. committed to submit a report annually that describes its efforts to implement the Ten Principles. A copy of the company's most recent report can be found [here](#).

### *The Whistleblowing Policy*

ABC Group is committed to maintaining a workplace in which the ABC Group can receive, retain and address all reports received by ABC Group regarding questionable accounting, internal accounting controls or auditing matters (collectively, "**Reports**"). To achieve this goal, the Board of Directors of ABC Holdings has delegated to the Audit Committee of the Board of Directors of ABC Holdings (the "**Audit Committee**") the responsibility for establishing a procedure for the confidential, anonymous submission by employees of ABC Group of Reports. This policy has been established to enable employees, officers, and directors of ABC Group, to raise such concerns on a confidential basis, free from discrimination, retaliation, or harassment, anonymously or otherwise.

Employees may raise a concern anonymously through EthicsPoint, an independent, 24-hour Reporting Hotline service (the "**Reporting Hotline**"). Submissions made anonymously through the Reporting Hotline are protected by a secure technology system and ABC Group management will not have access to any identifying message details. Employees may submit concerns anonymously through the Reporting Hotline by any of the methods set out in Appendix I. Reports made to the Reporting Hotline will be forwarded directly to the Senior Legal Counsel.

Employees are encouraged to use the Reporting Hotline; however, Reports may also be reported to any member of the Audit Committee or to ABC Group's legal department via email at [legal@abctech.com](mailto:legal@abctech.com).

### Due Diligence

To support its commitment to human rights, the ABC Group carries out due diligence mechanisms, including those set out below.

#### *Due Diligence Screening*

Beginning in November 2023, ABC Group implemented a third-party compliance program, Assent Compliance. As part of the compliance program, all current and future suppliers are sent an email requesting they complete an ABC Group-specific supplier qualification module and 12 standard ESG surveys that cover biodiversity, climate impact, data protection & privacy, diversity, human rights, human trafficking and slavery, labor rights, organizational commitment, product stewardship, resilience, and resource use.

As part of the ABC Group-specific supplier qualification module, suppliers are required to acknowledge our Purchase Order Terms and Conditions, Supplier Code of Conduct, and Supplier Manual.

#### *Monitoring, Auditing, and Verification*

During FY2023, our supplier quality group completed 18 supplier audits across ABC Group's supplier base. These are chosen based on risk factors and identified quality issues, and include follow-up visits to ensure corrective actions have been implemented.

## **POTENTIAL RISKS OF FORCED LABOUR OR CHILD LABOUR IN OUR OPERATIONS AND SUPPLY CHAINS**

### ***Potential Risks in Our Operations***

We consider the risk of Modern Slavery occurring within our operations to be low considering our use of skilled labour, the technical nature of our business, and the policies and procedures that govern our day-to-day operations and employment relationships.

### ***Potential Risks in Our Supply Chain***

We recognize that the risks of Modern Slavery can occur in all supply chains. We consider the risk of Modern Slavery occurring within our operations to be low. Key suppliers to Canada based plants are located in North America, with nearly all located in Canada and the United States, which have a lower prevalence of child and forced labour, lower risk of vulnerability to child and forced labour, and fairly robust governmental responses addressing child and forced labour.<sup>2</sup> Our suppliers of our products also operate in a highly technical environment, and primarily utilize skilled and educated labor.

We are not aware of any instances of Modern Slavery in the ABC Reporting Entities' operations or supply chains. Accordingly, no steps were required to remediate child or forced labour, or the loss of income associated with remediation efforts.

## **TRAINING, REPORTING CONCERNS AND ASSESSING EFFECTIVENESS**

The ABC Reporting Entities do not provide Modern Slavery training.

However, the ABC Group, including the Reporting Entities, maintain a comprehensive reporting process for their personnel. If ABC Group personnel learn of a potential or suspected violation of the Code, they have an obligation to promptly report the violation. They may do so orally or in writing and, if preferred, anonymously and have several options for raising concerns:

- Raise concerns with their manager;
- Raise concerns with their local Human Resources representative;
- Raise concerns with the company's Senior Legal Counsel;
- Raise concerns with the Compliance Committee; or
- Raise concerns, anonymously if preferred, through the Whistleblower Hotline at the numbers set out in Appendix I of the Code.

If the issue or concern is related to the internal accounting controls of the Company or any accounting or auditing matter, the Compliance Committee will report it directly to the Audit Committee of the Board of Directors. The ABC Group prohibits any director or employee from retaliating or taking adverse action against anyone for raising in good faith suspected conduct violations or helping to resolve a conduct concern.

The ABC Reporting Entities will consider, as appropriate, whether to incorporate specific training about Modern Slavery into future training. We also intend to consider, where appropriate, implementing measures to assess the effectiveness of our processes.

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<sup>2</sup> See Walk Free, Global Slavery Index 2023, available here: <https://www.walkfree.org/global-slavery-index/map>.

## APPROVAL AND ATTESTATION

This Report was Approved by the Board of Directors of ABC Technologies Holdings Inc., pursuant to Section 11(4)(b)(ii) of the Act.

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.

DocuSigned by:



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I have the authority to bind ABC Technologies Holdings Inc., ABC Group Intermediate Holdings Inc., ABC Technologies Inc., ABC Group Limited, Great Lakes Tooling & Automation Inc., and ABC Technologies WMG Inc.

Barry Lee Engle II

Member of the Board of Directors, ABC Technologies Holdings Inc.

June 22, 2024