



**BRIGHTON-BEST
INTERNATIONAL**

2023 Annual Report on Forced and Child Labor in Supply Chains

Brighton-Best International (Canada) Inc.

May 2024

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About Us

Brighton Best International (BBI) is a leading global distributor and manufacturer of high-quality fasteners and related products. The Company was originally established in Cincinnati, Ohio, in 1925 as a regional distributor of specialty fasteners. BBI Canada was incorporated in Canada under the Canada Business Corporations Act on October 4, 2007. Sales are made to distributors located throughout Canada with 43 employees. Our extensive product line includes a wide range of socket head cap screws, fasteners and related items for a variety of industrial, construction, and manufacturing sectors. Known for its commitment to quality and reliability, offering products that meet strict industry standards and specifications, BBI's business model focuses on leveraging its global network to ensure efficient supply chain management and logistics, aiming to provide customers with fast and reliable service.

BBI's key to success has been its customer-centric approach, which includes not only delivering quality products but also providing technical support and customer service to address client needs comprehensively. This approach has allowed BBI to build and maintain strong relationships with its customers and has been a critical factor in its growth and sustainability in the competitive fasteners market. BBI continues to focus on innovation and improvement, seeking new ways to expand its product offerings and enhance its services to better serve its global customer base in an ever-evolving market.

About the Report

The 2023 Annual Report on Forced and Child Labor in Supply Chains, which has been approved by BBI Canada's Board of Directors, is intended to formally detail the efforts of BBI Canada in preventing and mitigating forced labor and child labor from our business and supply chains, thus prioritizing our due diligence process across the value chain. BBI Canada is categorized as a corporation that is subject to the Act and is required to report. This report fulfills a "disclosure-based" requirement aimed at increasing transparency on the topic of forced and child labor, covering activities during the financial year from January 1, 2023 to December 31, 2023. It demonstrates our commitment to complying with the requirements set forth by Canada's Anti-Forced and Child Labor Law, known as the Fighting Against Forced Labor and Child Labor in Supply Chains Act. The Board and management consider the risk of modern slavery in the business or within its supply chains to be low.

Business and Supply Chain

BBI Canada, a leading wholesale distributor of socket head cap screws, fasteners, and related items, plays a pivotal role in various industries, particularly in the machinery sector. Our products serve as essential fasteners and components, and we take pride in our extensive product range. To ensure the seamless distribution of our products across Canada, we have established partnerships with high-quality supply chain partners.

Our supply chain is robust, with two tier-1 suppliers located in Taiwan and the United States. We procure key items, such as socket screws, fasteners, and industrial supplies, from these suppliers. Our supply chain management is meticulous, ensuring that our products are sourced from reliable suppliers and delivered to our customers in a timely and cost-effective manner.

BBI Canada goes beyond providing quality products – we are firmly committed to upholding ethical business practices. We have implemented measures in line with Canada's relevant Act to prevent and reduce the risk of forced and child labor in our activities and supply chains. Our approach includes promoting suppliers' ESG self-commitment and conducting supplier self-assessments. This strategy helps us lead sustainable promotion among our suppliers and reduce potential risks in supply chain management.

To identify potential risks, we have mapped our business activities and conducted an internal assessment. We have developed due diligence processes to identify, address, and prohibit any use of forced and child labor. We also expect our suppliers to have similar policies. To strengthen our commitment to labor rights, we have developed and implemented anti-forced labor and child labor standards, codes of conduct, and supplier compliance checklists.

Our suppliers have also implemented stringent measures to eliminate the risks of child labor or forced labor within their operations. For instance, our suppliers strictly verify IDs during the recruitment process to prevent child labor. They maintain daily records of employees' working hours to avoid instances of forced labor due to excessive working hours. Regular labor-management meetings are conducted to address any labor-related issues with their employees. This comprehensive approach ensures a balanced focus on operational efficiency and ethical practices.

Human Rights Policies and Governance

BBI strongly supports the principles of human rights protection adopted in the international human rights conventions such as the United Nations Universal Declaration of Human Rights, the United Nations Global Compact and the International Labor Organization Conventions. This commitment translates to treating and respecting all employees with fairness and equality. BBI has a dedicated Human Rights Policy that applies to all employees, subsidiaries, business partners, suppliers, contractors, and local communities in which we operate. BBI is committed to ensuring that our activities and supply chains are free from forced labor and child labor. While continuously striving to prevent and mitigate forced labor and child labor in our supply chains, BBI has developed and implemented anti-forced labor and child labor standards, codes of conduct, and compliance checklists. We also monitor our suppliers' adherence to the same standards and codes of conduct that BBI upholds.

Human Rights Due Diligence and Risk Assessment:

To mitigate any risks associated with child labor or forced labor, BBI Canada has developed and implemented dedicated due diligence processes. These processes are designed to identify, address, and prohibit any use of forced labor and child labor in our activities and supply chains. BBI Canada obliges suppliers to pinpoint potential risks of forced and child labor through a self-assessment checklist and a commitment letter. These potential risks are further managed and reduced by conducting ID checks during the hiring process and managing daily attendance records. If a risk event is detected, corrective actions and remediation measures will be taken accordingly. An internal grievance mechanism is also employed to assess the effectiveness of preventing forced and child labor in our operations and supply chains.

In 2023, BBI Canada distributed a self-assessment checklist to two tier-1 suppliers to identify potential risks related to forced labor and child labor within the supply chains. The checklist encompasses various aspects, such as human rights, occupational health and safety, environmental protection, ethics, and management systems. We also require suppliers to provide a list of supporting documents to demonstrate their compliance with these standards. Based on the responses received, no forced or child labor risks were identified in either tier-

1 supplier. Both suppliers fully comply with non-forced labor and non-child labor within their operations.

While we have not found any risks across the value chain related to forced labor or child labor to the best of our understanding, we will persist in identifying any emerging risks. If any risks are identified in the future, we will undertake a prioritization process to focus our due diligence efforts on the most severe risks associated with forced and child labor. As our goal is to create a transparent and responsible supply chain free from any form of labor violations, we believe that by working closely with our suppliers and partners, we can achieve this goal and ensure that all workers involved in our operations are treated fairly and with the respect they deserve.

Remediation

As a responsible corporate entity, BBI Canada is committed to upholding the highest standards of ethical conduct in all its activities and supply chains. In line with this commitment, we have conducted a comprehensive review of our operations and supply chains to identify any instances of forced labor or child labor. We are pleased to confirm that BBI Canada has not identified any cases of forced or child labor within our operations and supply chains. Since we recognize the complexity and evolving nature of potential risks, we are dedicated to enhancing our efforts to prevent and address them. If any risks are identified, immediate actions will be taken to support victims of forced or child labor. These actions may include workforce reintegration, provision of psychosocial support, and compensation. Additionally, measures will be implemented to prevent recurrence and a grievance mechanism is in place for employees to report concerns, with formal apologies made if necessary.

Besides, we have not detected any income loss for vulnerable families due to actions implemented to eradicate forced or child labor in our operations and supply chains. If any such loss is identified, we will implement substantial remedial measures and will persist in recognizing and addressing any gaps in our response. We remain committed to upholding the highest standards of ethical conduct and human rights in all our operations and supply chains, and we will continue to work towards a more sustainable and responsible future.

Employee Training

At BBI, we acknowledge the importance of eradicating forced labor and child labor from our supply chains and operations. As part of our commitment to responsible business practices, we offer training on these critical issues to relevant stakeholders such as employees from the procurement team. The training is developed internally, covering the Supplier Management Policy and the Conflict Minerals Policy. In 2023, we extended mandatory training on supply chain policy to all employees from the procurement team. This initiative reflects our dedication to ethical business conduct and our efforts to promote a responsible supply chain.

We advocate for compulsory involvement in training as this is a valuable opportunity for relevant employees to engage with these critical issues and to demonstrate their commitment to responsible business practices. Our objective is to cultivate an environment of involvement and empowerment, where employees are inspired to learn about and address these issues. While the trainings on supply chain policy are not compulsory for all employees as of now, we recognize the importance of these trainings and encourage employees outside the procurement team to familiarize themselves with the policy regarding the prohibition of forced labor and child labor and the measures we can take to prevent them.

We regularly evaluate our training programs to ensure that they are effective and relevant, and we welcome feedback from our employees and stakeholders on how we can improve our approach to eradicating forced labor and child labor.

Assessing Effectiveness

At the core of our business relationship, we recognize that addressing forced labor and child labor requires ongoing effort and commitment, and we are strongly committed to reviewing and improving our existing policies and procedures and simultaneously collaborating with our suppliers to ensure that they are equally committed to these efforts.

We regularly review our group-wide policies and procedures regarding forced labor and child labor. We also collaborate with our suppliers to ensure that they have similarly robust policies and procedures in place. This is achieved by establishing a distinct document checklist that includes documents pertaining to human rights management, such as the No Child Labor

Policy, Employee Manual, Working Rule, etc. We also require our suppliers to sign a commitment letter for affirming their commitment to corporate social responsibility.

Additionally, we monitor relevant performance indicators, including the number of supplier assessments conducted, and the number of incidents of forced labor or child labor identified and addressed. In 2023, BBI Canada conducted reviews of two tier-1 suppliers following our internal procedure and none of them are found of any risks related to forced labor or child labor. In terms of the grievance mechanism, BBI has a dedicated Email address - hr@brightonbest.com meant for handling complaints on forced labor and child labor issues. Complaints filed through this internal reporting mechanism are reviewed and addressed by management in a timely and effective manner. In 2023, we received no reports of forced or child labor through our HR Email address.

We are committed to continuing our work with stakeholders to fulfill our responsibility to respect human rights, including taking proactive steps to prevent forced labor or child labor within our business and supply chains.

Approval and Attestation

This Report was approved by the Board of Directors of BBI Canada on May 22, 2024.

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.



Li Yun Hsieh
Director

May 23, 2024

"I have the authority to bind BBI Canada."