



# 2023 Modern Slavery Report

## 1. Introduction

The following is a joint report prepared pursuant to the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “Act”) that pertains to Gecko Alliance Group Inc. and its wholly owned operating subsidiary Gecko Alliance (collectively, “Gecko” or the “Corporation” or “our” or “we”), as well as its controlling entity, Gecko Alliance Group Limited Partnership (“Partnership” and together with Gecko, the “Group”). Partnership, as a holding corporation, relies on the efforts of Gecko, as the operating entity, with regards to monitoring and managing its activities and supply chains as well as ensuring compliance with applicable laws and regulations.

Gecko Alliance Group Inc. and its subsidiary Gecko Alliance hereby report to the Minister of Public Safety and Emergency Preparedness on the various measures taken during their previous financial year ended December 30, 2023 and Gecko Alliance Group Limited Partnership for the year ended December 31, 2023 to prevent and reduce the risks that forced labour or child labour is used at any step of the production of their goods, in Canada or elsewhere, or of goods imported into Canada thereby.

This Report constitutes the first report prepared by the Corporation pursuant to Canada’s new Act. None of the entities included in this report are subject to reporting requirements under supply chain legislation in another jurisdiction.

## 2. Steps to prevent and reduce risks of forced labour and child labour

Over the course of the 2023 financial year ended on December 30, 2023, Gecko has taken the following steps to prevent and reduce the risk of forced labour and child labour occurring in its activities and supply chains. The Corporation:

- Formally adopted a Supplier Code of Conduct and Fair Competition Policy considering the introduction of the Act to comply with its reporting requirements and to reflect the Corporation’s engagement to further monitor and prevent forced labour or child labour risks in its supply chains.
- Drafted a standard compliance provision to be included in all future supplier contracts, pursuant to which suppliers must read the Corporation’s Supplier Code of Conduct and undertake to comply with its terms and all applicable laws and regulations regarding child labour and forced labour.

Between January 1st, 2024, and the publication of this report, the Corporation took the following steps:

- Started using the risks assessment tool for forced labour and child labour in its supply chains provided by its existing data platform for supply chains risks assessment, that was developed by an external provider.
- Developed and implemented awareness training and materials provided to part of the office employees.
- Updated the employees Code of Conduct to include the absolute prohibition of any form of forced labour, child labour, human trafficking, harassment, or discrimination.
- Assign a Governance Compliance Coordinator to oversee the adherence to regulations concerning forced labour and child labour risks. This coordinator will be responsible for monitoring these risks, ensuring compliance with legal obligations under the Act, enhancing supply chain practices, and tracking the implementation and outcomes of measures aimed at mitigating forced labour and child labour risks.

### **3. Structure, activities and supply chains**

#### **Structure**

Gecko Alliance Group Inc. is a corporation incorporated under the Quebec *Business Corporation Act*, headquartered in Quebec City (Quebec), Gecko Alliance Group Limited Partnership (described below) owns 98.4% of its stock. Gecko Alliance Group Inc. owns 100% of the shares of Gecko Alliance.

Gecko Alliance is a corporation incorporated under the *California Business Corporations Act*, headquartered in Quebec City (Quebec). It operates plants located in Tijuana (Mexico).

Gecko Alliance Group Limited Partnership is a partnership registered under the Quebec laws, headquartered in Magog (Quebec). It is a holding company, controlled by institutional and private Partners.

#### **Activities**

The Corporation is a leader in the spa components industry. Its expertise is globally recognized in the design, production, and distribution of electronic and electromechanical components such as control systems, keypads, pumps, sanitation systems, and entertainment systems for spas and hot tubs.

Gecko operates 2 plants located in Mexico and produces its products through over 500 full-time equivalent employees (managed through a Shelter Service) and approximately 125 employees at the head office located in Canada. The head office is responsible for the design, research and development of the product and manages finance, human resources, information technologies, sales and marketing services.

## **Supply Chains**

The Corporation's supply chain is mainly composed of suppliers of motors, electronics, plastic and subassemblies which it uses throughout its facilities described above.

Motors, which come mainly from 3 suppliers, are procured directly from manufacturers. Most of Gecko's motors components come from the following countries: USA, Mexico and China

Electronic components, which come mainly from 18 suppliers, are purchased directly or through brokers on the international and North American markets. Most of Gecko's electronic components come from the following countries: USA, Canada and China.

Plastics, which comes mainly from 11 suppliers, are procured directly or through distributors. Most of Gecko's plastic components come from the following countries: USA, Canada, Mexico and China.

Subassemblies, which come mainly from 2 suppliers, are procured directly through the manufacturer. Most of Gecko's subassemblies components come from China.

Above suppliers form 84% of our supply base.

## **4. Policies, Governance and Due Diligence processes**

The following are the policies and due diligence processes that Gecko put in place aimed at preventing and mitigating the risks relating to the use of forced labour or child labour in its supply chains. They apply to the Corporation and to its subsidiary unless otherwise indicated.

They demonstrate the Corporation's commitment to sustainable performance and to protecting human rights as well as its powerful desire to create a safe and inclusive experience for all colleagues and workers across its operations and supply chains.

### **Supplier Code of Conduct and Fair Competition Policy**

The Supplier Code of Conduct and Fair Competition Policy, which sets out the Corporation's values and expectations of itself and of its suppliers, agents, consultants and other third parties, has been adopted considering the introduction of the Act and to consider its new reporting

obligations. It reflects Gecko's engagement to further monitor and prevent forced labour or child labour risks in its supply chains. The Corporation will require its suppliers to adhere to the supplier Code of Conduct to implement its requirements in a manner that is appropriate and proportional to the nature and scale of their activities, the goods that they supply and the services that they perform. Specifically, the Supplier Code of Conduct strictly prohibits the use of forced or child labour by a supplier.

### **Standard Contract Provision for Agreements with Suppliers**

Gecko drafted a standard contract provision to be added in new contracts to be executed with suppliers, which i) requires that suppliers read the Supplier Code of Conduct and undertake to act in accordance with the terms described therein as well as with the laws and regulations relating to modern slavery and ii) allows the Corporation to terminate the contract in the event of a violation of the Supplier Code of Conduct by the supplier.

### **Code of Ethics and Modern Slavery Act Compliance Statement**

The Code of Ethics applies to the Corporation and its subsidiaries. It provides for the absolute prohibition of any form of forced labour, child labour, human trafficking, harassment, or discrimination. The Code of Ethics specifies that Gecko expects its business partners to adhere to ethical business conduct consistent with its own and that the Corporation is committed to working with them to fulfill this common goal.

## **5. Assessing and managing our risk**

Gecko considers the risk of forced labour or child labour to be low in the Group's operations in Canada and Mexico. In fact, all employees in Canada and in Mexico are hired in accordance with, at a minimum, the applicable laws and regulations of each country and Gecko conducts checks to ensure that individuals have the right to work and are choosing to work on their own free will. Further, all employees have the freedom to join a union or other similar association.

In 2024, Gecko began a preliminary mapping of its supply chain to identify any risk of forced labour and child labour that might be occurring. Given the preliminary nature of the supply chain mapping and the fact that Gecko relies on a global supply chain which present visibility challenges, no definitive risk areas have been identified yet, but supply chain risks will be further analyzed as the assessment process will continue in 2024 and beyond.

To safeguard the objectivity, accuracy, and strength of the efforts to prevent forced labour and child labour, the Corporation partnered with a Third-party service provider, to assist in reviewing its supply chain and identifying risks of forced labour and child labour. Working with the Third-party and its Tool, Gecko conducted a risk evaluation to gauge suppliers' susceptibility to child labour and forced labour within their operations and supply chains. This effort adopted a risk-based strategy that prioritizes the parts of our supply chain that pose elevated risks for links to, or

involvement in, forced labour and child labour. The risk assessment consists of two key components, namely:

#### 1. Direct Engagement With Suppliers

Leveraging the industry-standard Slavery and Trafficking Risk Assessment Tool (STRT), The Corporation engaged all active suppliers in 2024. These suppliers were prioritized for engagement on the basis of the risk associated with their sourcing countries and the industries they operate in.

Gecko collected information from suppliers on their operational environments, policies, procedures, and practices, as well as the measures they have in place to detect, prevent, and address the risk of forced labour and child labour. Information on the types of materials and goods produced, the geographic location of production and/or sourcing, as well as labour practices was collected. The information gave the insight into risk factors such as the use of migrant or underaged workers, use of recruitment agencies, payment of recruitment fees and withholding of workers' documents, all of which are indicators of forced labour and child labour. Additional information on the existence or otherwise of worker verification processes, forced labour and child labour risk control mechanisms, and due diligence processes for managing such risks in their operations and supply chains was also collected.

The STRT facilitated the evaluation of suppliers' policies addressing forced labour and child labour, as well as identifying protective measures supporting their workforce. Additional inquiries within the STRT help assess each supplier's level of due diligence in managing these risks, addressing issues, or taking corrective actions.

Once the collection of information is completed, our third-party service provider evaluated the quality of each supplier's response and assigned a risk score based on the supplier's inherent risk for forced labour and child labour, as well as their risk control practices. This enabled The Corporation to "segment" suppliers as high, medium or low risk based on associated risks, and to take appropriate responses for each category of risk.

#### 2. Ongoing Indirect Monitoring of Suppliers

In addition to the direct engagement with the suppliers to assess risk, the Third-Party is regularly reviewing a wide variety of publicly available information, ranging from social media posts to NGO and academic reports, government sanctions lists, denied parties lists, adverse media and other reports that could give us daily, ongoing insight into our supply chain and supports us in making informed decisions about working with certain suppliers or other third parties.

The Corporation should then be in a better position to conduct further diligence, when needed, and to mitigate risks in its supply chains and activities. Having this set of data at its disposal should also allow Gecko to, if appropriate, either i) better understand, engage and support suppliers who present forced labour or child labour risks and, enable the Corporation to create action plans with these suppliers and work towards improvements, or ii) terminate any commercial relation with suppliers who engage in forced labour or child labour, while taking

measures to remediate the loss of income to the most vulnerable families that results from such a measure.

## **6. Remediation Measures**

The Corporation has not identified risks related to forced or child labour in its supply chains at the moment as Gecko is currently in the process of conducting a mapping of forced labour or child labour risks.

Further, the Corporation has not identified forced labour or child labour in its own direct operations.

## **7. Remediation of Loss of Income**

As the Group has not yet identified any instances of forced labour or child labour in its activities and supply chains, no measures were taken to remediate the loss of income to the most vulnerable families that results from measures taken to eliminate the use of forced labour and child labour.

## **8. Training**

Gecko's employees receive regular tailored information on ethical topics and our policies. All new office employees are assigned a mandatory onboarding policies package which includes our Code of Conduct. On an annual basis, all office employees are required to certify their abidance to our policies including our Code of Conduct. In 2024, Gecko is providing training to targeted audiences that includes child and forced labour.

## **9. Assessing effectiveness**

In 2024 the Corporation will introduce certain measures aimed at reducing the risk that forced labour or child labour will be used in its activities and in its supply chains. It has not yet taken any measure to assess the efficiency of such measures.

## **10. Approval and Attestation**

This report was approved pursuant to subparagraph 11(4)(b)(ii) of the Act by the Board of Directors of 9470-8047 Québec inc. in its capacity as General Partner of Gecko Alliance Group Limited Partnership, as being a joint report of Gecko Alliance Group Inc., Gecko Alliance Group Limited Partnership and Gecko Alliance for the financial year ended December 30, 2023.

In accordance with the requirements of the Act, and in particular section 11 thereof, I, the undersigned, attest that I have reviewed the information contained in this report for the entity listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the

information in this report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

I have the authority to bind Gecko Alliance Group Inc.



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Jean-François Ferland

Chief Executive Officer, President of the Board of Directors, Gecko Alliance Group Inc.

May 27, 2024