



2023 Forced Labour and Child Labour Report

1. ABOUT THIS REPORT

This joint report is published by Globe Electric Holdings Inc. in compliance with Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "Act"). This report covers activities from our most recently completed fiscal year which ended December 31, 2023.

The scope, policies and information provided in this report apply to Globe Electric Holdings Inc. and its subsidiaries Globe Electric Company Inc. and Globe Electric Company USA Inc. (hereinafter referred to collectively as "Globe", the "Company", "we" and "our").

This report highlights the key actions of the Company within our last financial year to prevent and reduce the risk of forced labour or child labour in our operating activities and in those of its supply chain.

2. PREVENTING AND REDUCING RISKS OF FORCED LABOUR AND CHILD LABOUR

Globe and its employees are committed to ensure that every business decision in which we are involved promotes social welfare in the countries where we do business. Our objective is to ensure that all our workers are treated with dignity and respect, and that all manufacturing activities are performed according to applicable labour laws, and in an ethical and socially responsible manner.

During our last financial year, we have taken several steps to prevent and reduce the risk that forced labour or child labour be used at any step of the production of goods in Canada or elsewhere by us or of goods imported by us into Canada, including the following actions:

- We continued to enforce our Policy for the Prevention of Employment of Child Labour and Forced Labour and have instituted the Supplier Legal and Compliant Employee Review Process Policy. In addition, we maintained a policy encouraging our employees implicated in quality control and assurance to immediately report any suspected instances of human rights abuses.
- We conducted an internal risk evaluation and initiated the process of mapping our activities and supply chains to better monitor and mitigate human rights risks.
- We continued engaging with our vendors to ensure they comply with national legislation and regulations, and that they have a comprehensive labour protection system along with a file management system to track employees' information.



- We conducted due diligence processes, auditing and monitoring of vendors in accordance with the amfori Business Social Compliance Initiative (BSCI).
- We maintained solid recruitment procedures and employment practices and provided internal training and awareness materials on forced labour and child labour to our employees.
- We have implemented an action plan addressing forced labour and child labour, including establishing steps for mitigating risks or human rights abuses that may be brought to our attention.

Details of the above actions are set out in this report.

3. ABOUT US & OUR SUPPLY CHAIN

Founded in 1932, Globe is a leading Canadian-owned company offering solutions for residential lighting, electrical products, and smart home systems. The Company specializes in the design, development, and marketing of innovative consumer lighting and electrical products for major retailers across North America.

Headquartered in Montreal (Quebec, Canada), Globe manages large importation and distribution operations with over 150 employees and available products in over 40,000 retail locations across North America.

From our facilities in Canada to China, we ensure the fair treatment of all workers who contribute to the creation of our products.

Our products are conceived in an environment in which respect is fundamental. We adhere to high global standards in ensuring the quality and integrity of our products. Although we do not engage in the manufacturing process ourselves, we maintain a strong commitment to upholding these standards, whether for our branded items or those produced for private brands by our manufacturing partners for our global retailers.

3.1 Our Supply Chain

Globe strives to do business with reputable suppliers committed to our ethical standards and business practices. Globe's end-to-end supply chain is comprised of local and international suppliers that provide a wide range of products and services related to the development, manufacturing, marketing, and distribution of innovative consumer lighting and electrical products.

Our organization sources its product from an established and entrusted network of manufacturers located in Asia, including China, Vietnam, and Thailand. Although we do not have complete visibility on our suppliers' own value chain, we acknowledge that our vendors may source their products and raw materials from countries other than where they operate, including our tier 2 suppliers, who primarily source within their own countries or the surrounding regions.

Globe holds high expectations for its suppliers to act in a manner compatible with standards that uphold and contribute to Globe's reputation. Our main suppliers share our values and objectives in combating forced and child labour and, to further this collective effort, we have adopted policies and procedures showing strong social engagement, including with respect to the prohibition of human rights abuses and violations.



4. POLICIES AND DUE DILIGENCE PROCESSES

In line with our commitment to human rights, social responsibility, and ethics, we strive to embed responsible business conduct into our policies and management systems.

Policies

Our Social Compliance Policy aims to improve both our social and environmental impact in the communities we do business with globally. By enforcing these standards, we are doing our part to positively impact the world in a small way. As such, we believe in and ensure that our policies and practices promote fair wages, discrimination-free and harassment-free work environments, zero-tolerance for child labour, safe and healthy working conditions, access to health insurance, the protection of freedom of association, and the adoption of environmentally responsible work practices.

With respect to our Canadian operations, our Globe Employee Guidebook emphasizes respect, promotes maintaining positive work relationships, and prohibits any form of discrimination, harassment, or violence, in compliance with applicable human rights legislation. This commitment extends to all individuals associated with Globe, including our employees and suppliers. The guidebook also establishes a mechanism for addressing such issues, including direct communication, documentation, and reporting to our human resources department, with witness reporting encouraged.

With respect to our operations in China, our Globe Asia Employee Handbook provides that if a violation of our Social Compliance Policy is discovered, we reserve the right to terminate any existing contract or purchase order with the supplier. The handbook also contains our expectations regarding health and safety, our commitment to strictly prohibit the use of child labour and forced labour in any form within our organization and the immediate reporting of any suspected instances of human rights abuses to a supervisor or the Company's management.

Our Policy for the Prevention of Employment of Child Labor and Forced Labor reiterates commitment to human rights, provides guidelines for ensuring human rights awareness among our workforce and steps to ensure thorough verification of candidates' identification to prevent forced and child labour risks. At Globe, we maintain strict recruitment procedures and employment practices to facilitate compliance with applicable employment, labour and human rights laws.

Pursuant to our responsible practices and our continuing efforts to strengthen our ability to assess our human rights risks, we have also instituted the Supplier Legal and Compliant Employee Review Process Policy. This policy ensures that our suppliers adhere to all the applicable human rights laws and regulations, uphold our highest standards, and allows us to conduct thorough reviews of their working conditions and employment practices.

Due Diligence Processes

As part of our initiatives to identify risks and assess adverse impacts in operations, supply chains and business relationships, we currently have due diligence processes in place related to forced labour and child labour, as we conduct regular audits or inspections at the production facilities. These audits ensure compliance with our policies and allow us to objectively manage any non-compliance and to assess any adverse impacts to our operations and/or supply chain.



In our commitment to align our activities with international human rights principles, we have established a partnership with BSCI to conduct our due diligence processes, auditing and monitoring of vendors.

At Globe, we regularly audit our vendors to verify compliance with our policies on forced labour and child labour. Our audits are performed in accordance with the BSCI audit framework, thereby ensuring a rigorous assessment of vendors' adherence to human rights, environmental, and social responsibility standards. Our vendors are also periodically audited by approved auditors under BSCI.

Our Supplier's Legal and Compliant Employment Review Process provides for consistent onboarding processes with the goal of identifying and mitigating risks of human rights abuses within our supply chain. All our suppliers must undergo such vetting process prior to doing business with us. Additionally, we require our vendors to acknowledge and commit to abide by national laws and regulations prohibiting child labour and forced labour by signing and returning our Supplier Declaration Letter. Such business partners must also demonstrate a comprehensive labour protection system and maintain accurate employee records.

5. RISK ASSESSMENT AND REMEDIATION MEASURES

In our business operations, we recognize that multiple facets may carry the risk of forced labour and child labour. At Globe, transparency, accountability, and continuous improvement serve as the cornerstones of our approach as we work to integrate respect for human rights into the essence of our organization. This has been embodied by our trademark "MADE WITH RESPECT™".

As such, we assess, monitor, and mitigate the risks associated with forced labour and child labour by identifying factors that contribute to these risks in our supply chain. These factors may include geographical location, vendor relationships, local regulations and any past incidents or allegations. Once risks have been identified, we promptly take action, including intervening with affected employees, reporting the incidents to relevant government authorities, and actively cooperating with investigations.

We have initiated the mapping of our activities and supply chains to better monitor and mitigate human rights risks. To ensure compliance with Globe's policies against the use of forced and child labour, we maintain visibility on all tier 1 suppliers (including a list of suppliers, their locations, contact information, etc.), and actively audit and visit their facilities for compliance verification. Additionally, our tier 1 suppliers are required to provide us with a list of tier 2 suppliers, and we expect all suppliers throughout the entire supply chain to apply the same high standards outlined in our policies.

The risks we have identified through our preliminary mapping are primarily related to the sector or industry in which we operate, the types of goods we produce, sell, distribute and import, the locations of our activities and operations, the type of products we source, the raw materials or commodities used in our supply chains, the use of outsourced, contracted or subcontracted labour, tier 1, tier 2 and tier 3 suppliers, and the use of migrant labour by our suppliers.

We also understand that the risk of forced labour and child labour in the wholesale industry exists and that supply chains that extend into certain foreign countries potentially face greater risk of forced labour and child labour. As such, our Asian suppliers may encounter higher risk factors attributable to a multitude of circumstances. These include economic challenges faced by their respective countries, difficulties in monitoring their supply chains, limited regulatory enforcement, cultural norms and practices prevalent in



certain regions, as well as the prevalence of migrant workers.

That said, Globe has not identified any forced labour or child labour instances in its business or supply chain. As such, the Company did not have to take any measures to remediate any forced labour or child labour or to remediate any loss of income to vulnerable families resulting from these measures.

Should any instances of forced labour or child labour be identified or reported to the Company, we will be dedicated to swift and decisive action, including remediation efforts, and implementing corrective measures to prevent recurrence.

6. TRAINING AND CAPABILITY BUILDING

To reinforce awareness and understanding of the risks of forced labour and child labour in our supply chains and our business, we provide regular and mandatory training to our staff. We ensure that our employees are aware of what constitutes forced labour and child labour while providing them with an overview of the applicable legal and regulatory framework. We train our employees to identify situations of forced and child labour and how to report such occurrences.

7. ASSESSING THE EFFECTIVENESS OF OUR APPROACH

We have established internal processes to assess the effectiveness of the measures taken to ensure that forced labour and child labour are not being used in our business and supply chains.

Those include:

- Regularly reviewing or auditing our policies and procedures related to forced labour and child labour in accordance with BSCI.
- Tracking the results of third-party audit reports assessing the conditions and risks of production facilities in our supply chains.
- Collaborating with suppliers to measure the effectiveness of their actions to address forced labour and child labour, which includes engaging external organizations to conduct audits, reviewing these audit reports, labour practices and employee files. We assign audit scores, track them annually, and proactively address any issues to verify improvements over time.

We will continue to review our processes, policies and practices to align with industry best practices and mitigate our risk towards forced labour and child labour.

8. APPROVAL AND ATTESTATION

This report was approved by the Board of Directors of Globe Electric Holdings Inc. on May 22, 2024 pursuant to subparagraph 11 (4)(b)(ii) of the Act and constitutes our report for the financial year ending December 31, 2023.

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 entities listed in the first section of this report. 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 indicated above.



I have the authority to bind Globe Electric Holdings Inc.

DocuSigned by:

Jamie Cartwright

Full name: Jamie

Cartwright Title: Board
Member

Date: May 22, 2024