



# Forced Labour and Child Labour Report 2023

## Introduction

KSR is a privately held company with manufacturing facilities in North America, Europe, and Asia. We set the industry standard for automotive brake pedal modules as well as traditional fixed systems and advanced adjustable systems. With a rich history of reliable manufacturing, superior customer service, and continual improvement, KSR has become the go-to technology solutions provider for the automotive industry.

Respect for human rights is embedded in KSR's Mission, Vision, and Values. KSR's commitment to prevent and reduce the risk of forced and child labour applies to our operations and facilities globally, our business partners and our global supply chain network. We expect our business partners and suppliers to uphold these same principles within their operations and adhere to applicable human rights and employment standards legislation.

## Reporting Context

KSR International Inc. is an entity subject to the legal requirements in section 11 of the Fighting Against Forced Labour and Child Labour in Supply Chains Act (the Act). This report was made according to the Act on May 2, 2024.

For the purposes of the Act, the reporting entities covered in this report include operations and assets that have been wholly owned and/or operated by KSR International Inc. for the financial year of January 1<sup>st</sup>, 2023, to December 31<sup>st</sup>, 2023.

KSR International Inc. also holds interests in joint venture assets not operated by KSR International Inc. Non-operated assets are not included in the scope of this report.

The terms "KSR International Inc.", "we", "our" and "the Company" refer to KSR International Inc.

## Corporate Structure and Business Activities

KSR International Inc. is headquartered in Ridgeway, Ontario Canada. We are a team of over 1400 working to create a sustainable organization that provides our customers with innovative solutions to produce a safe interface between drivers and their vehicles.

KSR International Inc. has centralized corporate and administrative functions that provide governance, financing, procurement, and other support to all KSR's core business activities as well as to our affiliates and subsidiaries.

## Our Supply Chain

The supply chain team at KSR International Inc. supports our operations across Canada, the United States, Mexico, the Czech Republic and China and sources products for our manufacturing operations globally. Currently KSR has approximately 260 global suppliers. Our suppliers play a key role in our ability to live up to our sustainability commitments and attain our environmental, social and governance (ESG) goals.

## Source Countries and Regions of Origin

Our global supply base is primarily from Canada, United States, China, Czech Republic, Germany, Mexico which primarily provide materials such as steel, aluminum, plastics, electronic components and paints.

## Policies and Standards

### Code of Ethics and Professional Conduct

KSR's Code of Ethics and Professional Conduct applies to all officers, directors, team members, suppliers, contractors, and visitors of our wholly owned subsidiaries and operated entities in all countries where KSR conducts business. The Code is reviewed annually and approved by the People Leadership and Team Member Experience Steering Committee.

The Code reinforces the Company's requirements and expectations for conducting business and expected behaviours and includes a statement on KSR's commitment to forced and child labour. As part of our commitment to human rights, we stand firmly against the use of forced and child labour in our operations and across our supply chain.

### Supplier Handbook

Our Supplier Handbook reiterates our position against the use of force and child labour and contributes to ensuring that no forced or child labour is used in our supply chain. By entering into standard terms and conditions or other contractual agreements with KSR, suppliers accept the terms of the Supplier Handbook and affirm compliance with its requirements.

The Supplier Handbook sets minimum expectations and guidelines for suppliers and obliges them to comply with applicable laws, including those regulations related to forced and child labour. The Supplier Handbook is managed by the Global Purchasing Department and reviewed annually with Global HSEE and updated when necessary.

### Global Human Rights Standard

KSR International Inc. and its subsidiaries are committed to fostering an environment that aligns with our Mission, Vision, and Values in an open and ethical manner. The achievement of such success is a culture of accountability, honesty, empathy, and integrity. We believe in fair and equitable treatment for all and ensure that we comply with applicable laws and regulations concerning working hours, wages, working conditions and minimum age of employment. The Global Human Rights Standard is reviewed annually with the Global People Leadership and Team Member Experience Steering Committee and updated when necessary.

### Global Sustainability Standard

KSR recognizes that sustainability does not end with environmental responsibilities but therefore extends to social and economic sustainability, which combined, creates sustainable development for the future.

Our Social Pillar provides a focus on the overall quality of life and human health, human rights, equity, inclusion and diversity, fair labour practices, compliance with labour laws, and ethical and

fair treatment for all including community support and development. The Global Sustainability Standard is reviewed annually with the Global HSEE Steering Committee and updated as necessary.

## Reporting Violations

At KSR, we report and encourage the reporting of actual or potential non-compliance with our Code of Ethics and Professional Conduct, company standards or legal requirements, including those concerning forced and child labour, so they can be addressed appropriately.

Internal team members as well as external stakeholders are required to report any actual or suspected violations of the law or Code of Ethics and Professional Conduct, including those in the context of forced and child labour, health and safety, environmental, human rights, discrimination, violence, workplace harassment and sexual harassment.

Team members and external stakeholders have several avenues to report an issue, depending on the nature of the incident.

Our Ethics and Integrity Reporting Platform – SpeakUp is operated by an external provider and is an anonymous and confidential system that allows for reports to be submitted via telephone, website, or through an app. All reports are taken seriously and investigated.

## United Nations Sustainable Development Goals

As part of KSR's Sustainability Strategy, we have aligned with 9 of the United Nations Sustainable Development Goals and identified the goals that are most relevant to our business and where we can make our greatest contributions.

## Forced and Child Labour Risks

KSR has identified that our greatest risk exposure to forced and child labour is through our supply chain, with the primary sources of these risks coming from the procurement of goods in higher-risk geographies and sectors.

KSR has also identified that there is the potential risk of forced and child labour in our extended supply chain and the challenges with achieving full compliance within our supply chains.

We have established a cross-functional team involving various stakeholders to examine our supply chain for high-risk suppliers that present potential risks of forced or child labour.

A risk assessment was conducted to identify the geographical areas considered high-risk and to assess the controls we currently have in place and their effectiveness.

## Actions to Address Forced and Child Labour Risks

### Established a Cross-Functional Team

KSR has established a global cross-functional team consisting of internal stakeholders to align our internal activities and further enhance our due diligence and risk management activities relating to

forced and child labour. This team completed the risk assessment and identified actions to reduce our risk exposure.

### Implementing an ESG Strategy

In 2024, KSR will implement a global ESG roadmap to assist in the implementation of the three pillars: Environmental, Social and Governance. The roadmap will identify our gaps and areas of focus. KSR will be using the United Nations “Protect, Respect and Remedy” Framework for the Guiding Principles on Business and Human Rights when establishing the roadmap for the social pillar.

### Identifying Suppliers in High-Risk Geographies

As part of the risk assessment, activities were conducted to identify the geographical areas for all KSR suppliers.

### Supply Chain Mapping

In 2024, we initiated supply chain mapping for all Tier 1 suppliers to KSR. In 2025, we will begin mapping activities for all second-level suppliers to our high-risk Tier 1 suppliers.

### Policy and Standards Review

Our cross-functional team initiated a review of our internal policies and standards that are relevant to forced and child labour. This included a review of the General Terms and Conditions of Purchase, Supplier Handbook, Code of Ethics and Professional Conduct, Global Human Rights Standard, Global Sustainability Standard, and our Conflict Mineral Standard.

### Assessing Contractual Terms and Conditions

Our actions include assessing our suppliers' contractual terms and conditions and improving the language in contracts and documents used in supplier sourcing.

### Training and Awareness on Forced and Child Labour

#### End Child Labour Masterclass

Our global cross-functional team members have completed training in the End Child Labour Masterclass with the International Training Center of the International Labour Organization (ILO).

#### Forced Labour Training

KSR provided mandatory training and awareness to all team members on forced and child labour.

#### SpeakUp Reporter Training

KSR provided mandatory training on how to report violations or potential non-compliances through the SpeakUp platform.

## Improvements to Supplier Sourcing and Onboarding

KSR has a process to qualify suppliers. During the risk assessment, it was identified that the Supplier Self-Assessment used during the qualification process should be revised to incorporate additional human risks and ethical considerations such as forced and child labour, and whether they have policies and procedures in place to identify and reduce the risks in their supply chains.

## Remediation Measures

Within our Supplier Handbook, suppliers are required to monitor the compliance of their operations and cascade the requirements with related parties, such as their contractors, sub-contractors, and sub-suppliers. They are obligated to report any known non-compliance or violation to KSR immediately.

Should a supplier fail to comply with the Supplier Handbook and General Terms and Conditions of Purchase, KSR reserves the right to request corrective action.

Should a supplier fail to implement corrective action or fails to comply with the Supplier Handbook, KSR, in its sole discretion and without any further obligation to the supplier, suspend or terminate, in whole or in part, its relationship with the supplier. Serious and repeated violations by a supplier may result in suppliers being delisted permanently.

KSR has not identified any instances of forced or child labour in its activities and supply chains within the financial year ending December 31, 2023, and therefore, no remediation measures have been taken.

## Measures Taken to Remediate Loss of Income

KSR has not identified any instances of forced or child labour in its activities and supply chains within the financial year ending December 31, 2023, and has, therefore, not needed to take any measure to eliminate the use of forced labour or child labour. Accordingly, there is no loss of income to remediate.

## Training and Awareness

In 2024, KSR has placed greater emphasis on training and awareness of Human Rights specific training across all global operations.

The Code of Ethics and Professional Conduct Training is delivered to all team members annually and team members are expected to read, understand, and comply with the principles and requirements set out in the Code of Ethics and Professional Conduct. This training is a part of the annual compliance training program and is mandatory for all team members.

In addition to the Code of Ethics and Professional Conduct Training, KSR has created a new training course specifically designed to promote awareness and educate our team members on Forced and Child Labour. This training is mandatory and will be provided to all team members globally in 2024.

Our Global HSEE and Purchasing teams will be completing the End Child Labour, Masterclass through the International Training Centre, ILO.

## Effectiveness Assessments

Our goal for 2024 is to improve our supply chain and supplier compliance in relation to critical human rights issues such as forced and child labour. The following measurables will assist us in understanding the improvements made to mitigate forced and child labour within our operations and supply chain.

## Monitoring Reporting Data

KSR will utilize ethical reporting data from our SpeakUp platform to measure the effectiveness and identify continuous improvement opportunities to our program.

## Supplier Self Assessments

KSR will utilize the data provided by the Supplier Self Assessments to measure improvements made to compliance with human rights and ethical issues.

## ESG Audits

As part of our internal audit processes, we will complete audits of our ESG program, including auditing supplier compliance, compliance with labour laws, safety laws and working conditions.

## Training Completion

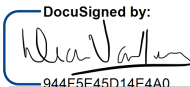
KSR will monitor and report on the completion of compliance training, including the Code of Ethics and Professional Conduct and Forced Labour Training.

## Report Approval and Attestation

This report was approved by the Board of Directors of KSR International Inc. on May 17, 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.

Dean Varley  
President and CEO  
KSR International Inc.  
May 17, 2024

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I have the authority to bind KSR International Inc.