



KUMI CANANDA CORPORATION

PREVENTION OF FORCED AND CHILD LABOUR STATEMENT FOR FISCAL YEAR ENDING 2023

Prevention of Forced and Child Labour Statement ("Statement") for Kumi Canada Corporation ("KCC") or ("the Company"), issued pursuant to Part 2 of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (Canada).



Who We Are

Established in 1998 by Kumi Kasei Japan as a part of the Kumi North America Group, Kumi Canada Corporation (KCC or the Company) is a privately owned Tier-1 supplier. We specialize in manufacturing interior and exterior trim assemblies for the automotive industry. With twenty-one locations spanning eight countries across North America, Japan, Asia, and Oceania, we serve nine Honda customers situated in North America.

What We Do

At Kumi Canada Corporation, our commitment to excellence in production is matched by our dedication to being exemplary corporate citizens. We operate with integrity, uphold stringent compliance measures, and actively engage in initiatives that benefit our employees, communities, and the environment.

Innovative Production for Honda:

- **Advanced Manufacturing Techniques:** With a focus on innovation, we utilize cutting-edge injection molding techniques and automated production systems to deliver high-quality components. These technologies ensure efficiency, precision, and consistency in our manufacturing processes, meeting the stringent standards of our valued partner.

Employee Diversity and Expertise:

Diverse Workforce: Our workforce of approximately 300 personnel in Ontario represents diverse cultures, backgrounds, and skills. Everyone plays a pivotal role in operating and maintaining our multi-million-dollar production lines, contributing to our success in serving global needs.

Corporate Citizenship Initiatives:

Compliance and Ethical Practices: Upholding stringent compliance measures, we ensure full adherence to all relevant laws, regulations, and industry standards. Our commitment to ethical practices extends to fair labour, environmental sustainability, and product safety, reflecting our dedication to responsible corporate citizenship.

Employee Welfare: We prioritize the welfare and development of our employees, providing a safe, supportive, and inclusive workplace environment. Training and advancement opportunities empower our diverse workforce to thrive and excel in their roles.

Community Engagement: Actively engaging with local communities, we support various social initiatives aimed at education, and community development. Through partnerships and volunteer efforts, we aim to make a positive impact beyond the confines of our operations.

Environmental Responsibility: We are dedicated to environmental responsibility, implementing eco-friendly practices throughout our operations. From waste reduction to energy efficiency measures, we strive to minimize our environmental footprint and contribute to a sustainable future.

At Kumi Canada Corporation, our commitment to excellence in production is inseparable from our commitment to responsible corporate citizenship. By upholding the highest standards of

integrity, compliance, and sustainability, we aim to create lasting value for our stakeholders and society.

Our Supply Chains

Overview of Goods Produced and General Countries of Sourcing: Kumi Canada Corporation specializes in manufacturing interior and exterior trim assemblies using advanced injection molding technologies.

Raw Material Sourcing

All the raw materials we use are procured from Honda Trading Canada Inc., situated in Alliston, Ontario.

Component Sourcing

Kumi Canada Corporation procures components from a diverse range of global suppliers, including those from North America and Japan, which is a strategic approach that enhances the resilience and efficiency of a business's supply chain.

Japan is renowned for its advanced technology and precision manufacturing, while North America, particularly the United States and Canada, is a hub for innovation and high-quality manufacturing. By sourcing components from these regions, businesses can access cutting-edge products and solutions known for their reliability and adherence to stringent quality standards.

Including suppliers from these regions also adds an extra layer of diversification to the supply chain, helping to mitigate risks associated with geopolitical tensions, natural disasters, or other disruptions.

Overall, incorporating suppliers from North America and Japan into the procurement strategy enhances the resilience, innovation, and quality of the supply chain, ultimately benefiting the business and its customers.

Supply Chain Transparency and Future Strategies: At Kumi Canada Corporation, we prioritize transparency and sustainability throughout our supply chain. We have implemented rigorous measures to ensure ethical sourcing and responsible business practices. These efforts include fostering partnerships, implementing strict policies, and leveraging innovative technologies to enhance transparency. Moving forward, we are committed to further strengthening our supply chain transparency and sustainability practices, aligning with our long-term business objectives and societal responsibilities.

Risks and Challenges: Despite our proactive measures, we acknowledge the inherent risks and challenges within the global supply chain landscape:

1. Geopolitical instability
2. Natural disasters and climate change
3. Pandemics and health crises
4. Supply chain complexity
5. Cybersecurity threats

- 6. Quality control and compliance issues
- 7. Supplier reliability and dependency
- 8. Transportation and logistics challenges
- 9. Labor issues and social unrest
- 10. Currency fluctuations and financial risks

Kumi Canada Corporation remains steadfast in its commitment to responsible supply chain management. By continuously addressing challenges and embracing sustainable practices, we strive to uphold the highest standards of social and environmental responsibility. Our dedication to transparency, integrity, and innovation will continue to drive our efforts towards a more sustainable and resilient future.

How We Work to Ensure Our Supply Chains Are Free of Forced Labour and Child Labour

Specific Risk	Forced & Child Labour Risk	Remedial Action
Sector and Industry Risk	The production of goods, spanning both domestic and international jurisdictions, necessitates the utilization of manual labour and workers with low skill levels. Additionally, the worldwide distribution network relies on external service providers. These interconnected processes expose KCC to the heightened risk of forced and child labor.	Strong internal governance on employment conditions and procurement practices.
Product and Services Risk	KCC procures components from third-party providers located in foreign jurisdictions.	Through thorough due diligence and a commitment to maintaining a strong market reputation, KCC prioritizes supplier engagement and cultivates long-standing relationships.
Entity Risk	Entity Risk encompasses the broad spectrum of regulatory compliance and operational challenges encountered by KCC's suppliers as they navigate diverse jurisdictions.	Foster collaboration and communication with suppliers to continuously improve compliance processes and address challenges proactively.

Risk Factor	Likelihood Scale (1 to 5)	Severity Scale (1 to 5)	Risk Level (Low, Medium, High)	Risks Matrix Categories	Definition
Sector and Industry Risk	3	4	4	Acceptable risks	Sector risk refers to the potential threats and uncertainties specific to a particular industry sector, such as technology or healthcare, while industry risk encompasses the hazards and vulnerabilities affecting
Product and Services Risk	2	2	3	Acceptable risks	Product and service risks refer to the potential for products to be tainted by unethical labor practices and the possibility of services being directly or indirectly linked to forced or child labor.
Entity Risk	4	4	7	Risks that require monitoring	The susceptibility of an organization to be associated with or unknowingly engage in such unethical practices within its supply chain, potentially leading to legal, financial, and reputational harm.

Risk Levels:

The risk matrix categorizes risks into five levels:

- 1 to 2 No Risk
- 3 to 5 Acceptable risks
- 6 to 9 Risks that require monitoring
- 10 to 19 Risks that require mitigation
- 20 to 25 High-priority risks that need immediate attention

Please rate the likelihood of the risk event occurring:

- 1 Highly Unlikely
- 2 Unlikely
- 3 Somewhat Likely
- 4 Likely
- 5 Highly Likely

Please rate the severity of the event/issue:

- 1 Low Severity
- 2 Moderate-Low Severity
- 3 Moderate Severity
- 4 Moderate-High Severity
- 5 High Severity

Figure 1 2024 Risk Assessment

This risk assessment framework provides a structured approach to identifying, evaluating, and managing the risks of forced labour and child labour within the business and its supply chains.

Our Policies

The Company is committed to conduct its operations in accordance with the Ontario Human Rights Code. Every person has the right to equal treatment with respect to employment without discrimination because of race, ancestry, place of origin, colour, ethnic origin, citizenship, creed, sex, sexual orientation, age, record of offences, marital status, family status or disability or any other characteristic protected by law. All employment decisions, including selections, job assignment, compensation, discipline, training opportunities and termination, will be based on merit, qualifications, work record and abilities. No form of discrimination or harassment in the workplace will be tolerated by KCC. The Company will fully investigate all such allegations and take appropriate action where necessary. Additionally, we prohibit the use of forced labour and child labour at our facility and will comply with applicable Human Rights legislation in force from time to time in those jurisdictions where we do business.

Kumi Canada Corporation strictly adheres to a *Prevention of Forced and Child Labour Policy*. KCC will not employ individuals under the age of fifteen (15) for any position within the Company’s factory, or under the age of fourteen (14) for any position that may arise that is not

within the Company's factory (such as the Company's offices, if any). The Company will also not employ an individual who is under the age of sixteen (16) during school hours, unless a legal exemption applies such as the individual is employed during school hours as part of equivalent apprenticeship learning. This policy is designed to ensure compliance with occupational health and safety legislation and regulations, education legislation, and any other legal requirements, and to prioritize the safety and well-being of young individuals.

The Company prohibits the use of forced labour in any form. Forced labour refers to any work or service exacted from an individual under threat or coercion, including but not limited to violence, intimidation, debt bondage, or deception.

Our Due Diligence Processes

During the hiring process, all applicants will be required to provide proof of age through official documentation to ensure they meet the minimum age requirements for the Company's workplace and in accordance with applicable legislation and regulations, in accordance with the Company's *Employment Eligibility Verification Policy*. Additionally, all potential employees will be screened to ensure they are not subject to any form of forced labour or coercion in accordance with the Company's *Prevention of Forced and Child Labour Policy*.

Employee Training on Forced Labour and Child Labour

At Kumi Canada Corporation, we prioritize the eradication of forced labour and child labour in all aspects of our operations. To ensure that our employees are fully informed and equipped to uphold our ethical standards, we have implemented a comprehensive training program.

Training Sessions:

Leadership Training: All current KCC employees, including supervisors and managers, have undergone specialized leadership training sessions dedicated to understanding and addressing forced labour and child labour issues. These sessions are designed to educate leaders on identifying potential signs of forced labour or child labour within the supply chain and implementing appropriate responses.

Annual Company-Wide Communication Meetings: Regular company-wide communication meetings serve as platforms to reinforce our commitment to combating forced labour and child labour. During these meetings, we provide updates on relevant policies, regulations, and best practices. We also encourage open dialogue and engagement from employees to raise awareness and address any concerns.

Training for New Hires:

Orientation Sessions: New hires at KCC receive comprehensive training during their orientation sessions, which include dedicated modules on forced labour and child labour. These sessions aim to familiarize new employees with our company's policies, values, and expectations regarding ethical conduct in the workplace and supply chain.

Accessible Documentation:

Document Accessibility: All documents pertaining to forced labour and child labour policies, procedures, and guidelines are made readily accessible to every KCC employee. By ensuring easy access to these resources, we empower our employees to stay informed and compliant with our ethical standards.

Through these training initiatives and accessibility measures, Kumi Canada Corporation is committed to fostering a culture of awareness, accountability, and ethical responsibility among our workforce, thereby contributing to the global efforts to eliminate forced labour and child labour.

How We Monitor Ourselves and Our Suppliers and Assess Effectiveness

Annual internal reporting to senior management and the board of governance on sourcing practices or Environmental, Social, and Governance (ESG) factors, including Key Performance Indicators (KPIs), is crucial for maintaining transparency, accountability, and alignment with organizational goals. This reporting involves comprehensive assessments of performance, risks, and opportunities, supported by relevant KPIs and aligned with organizational strategy and stakeholder expectations. It helps drive accountability, transparency, and continuous improvement in sourcing practices and ESG performance.

We Are Aware of Risks of Forced Labour or Child Labour Use in Global Supply Chains

In our commitment to ethical and responsible business practices, our company recognizes the imperative of identifying potential risks of forced labour or child labour within our business operations and supply chains. We are dedicated to ensuring that forced labour and child labour are not utilized in any part of our supply chains.

To address this commitment, we actively engage in sourcing materials from reputable suppliers who adhere to labour laws and regulations. Our procurement processes prioritize partnerships with suppliers who demonstrate a clear commitment to ethical and social standards. We conduct regular outreach and communication with our suppliers to reinforce our expectations and ensure ongoing compliance with these standards.

Despite our rigorous efforts, we acknowledge that the highest risk of forced labour in our supply chains typically originates from the purchase of goods sourced from outside Canada. This heightened risk underscores the importance of our diligence and vigilance in scrutinizing and monitoring these supply chains. We continuously assess and address these risks, implementing robust risk management strategies and due diligence measures to mitigate any potential instances of forced labour or child labour.

How We Have Addressed Reported Risks or Use of Forced Labour or Child Labour in our Supply Chains

As of the present date, Kumi Canada Corporation has not encountered instances of forced labour or child labour within its operations. Consequently, the Company has not been required to address or rectify such situations.

Attestation

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.

Justin Moreau

President

May 31, 2024



I have the authority to bind Kumi Canada Corporation.