

FORCED LABOUR AND CHILD LABOUR REPORT

This report is prepared by The Hi-Tech Gears Canada Inc. (“our” or “we”) following Canada’s new Fighting Against Forced Labour and Child Labour in Supply Chains Act for the financial year ending March 31, 2024, and sets out the steps we have taken to prevent and reduce the risk that forced labour or child labour in accordance with Fighting Against Forced Labour and Child Labour in Supply Chains Act 2023 in our supply chain.

The Policy

THGC has a zero-tolerance to forced labour and child labour of any kind in our workplace and in the Procurement/supply chain activities in our single work location in Ontario Canada. The company does not employ children below the age as defined in the Employment Standards Act 2000 at the work locations and will conduct annual risk assessments with the key suppliers and provide training to our procurement team to ensure the company protects its workers within the supply chains.

We have recently established a policy to fight against forced labour and child labour. This Policy reflects our commitment to acting ethically in all our business dealings, and to implement and enforce adequate systems and controls to ensure forced labour and child labour are not taking place anywhere in the work location, or procurement/supply chains.

Identifying and mitigating risks relating to forced labour and child labour

Our supply chain

Our company engages in the production and sale of gear shafts and power transmission components and serves major engine and assembly manufacturers throughout North America. We are Tier 2 and 3 auto component manufacturers and provide quality products as per the design and specifications of our customers.

We procure raw materials, forgings and other components from various sources locally in Canada and from other parts of the globe for further operations. In our supply chain, the major vendors provide their parts, materials, add-on components, and do services such as heat treatment, logistic support and manpower.

Our supply chain includes work locations in Canada and to our supply chain partners. We refrain from knowingly doing business with any supplier who has been shown to break local or international laws and regulations, including environmental and employment laws. We expect long-term business relationships with our suppliers and communicate to them our expectations and standards that we have zero tolerance for forced labour and child labour.

We expect our suppliers to fully comply with the legal requirements including labour practices including forced and child labour. We expect our suppliers to take adequate due diligence understanding that it is not practical to have direct contact with every stakeholder in the supply chain.

We are in the process of getting our key suppliers to complete a risk assessment questionnaire addressing risks of forced labour, child labour, slavery and human trafficking and are required to provide us with their due diligence mechanisms. The risk assessment process will be conducted every year.

We are an employer of choice. We strictly follow good governance, wherein we as a policy don't employ forced labour or child labour in any step of the production of goods. Even before the enactment was in force, the company as a matter of good governance, never employed child labour and forced labour in any the operation of the company.

Remediation Measures

- In the last financial year, following our good governance we did not find any incident of forced labour or child labour in our activities or supply chain. We therefore did not need to take any measures to remediate an incident of forced labour or child labour.
- If, in the future, if we identify grounds of forced labour or child labour within our activities or supply chains, we will consider the appropriate remediation strategies in compliance with international standards.

Assessment of Effectiveness of the Measures.

We assess the effectiveness of our measure through the annual risk assessment process. Though there are still processes to be done, as per initial assessment shows that we are in truly compliance with the intent of the legislation.

Employee training

We plan to provide training sessions to our employees in Procurement and supply chain and other key associates who are regularly in contact with the vendors and suppliers.

The training includes where to go for further advice or help if they feel they need to raise a concern in this area including a confidential whistleblowing process.

This includes ensuring the vendors and suppliers comply with the regulation (Fighting Against Forced Labour and Child Labour in Supply Chains Act 2023). To survey key vendors and suppliers annually to confirm compliance. To ensure new vendors comply with the regulation by obtaining compliance reports and copies of their policy. Be aware of the Company policies, and guidelines escalate and take action on any breach of this regulation and the policy.

We ensure that, if any instance comes into the knowledge of the Company for any or even possible breach, with respect to our vendor, partner or supply chain, we will take preventive action, including suspending/termination of the business relationship and report to the authority.



In my capacity as the President of The Hi-tech Gears Canada Inc. I have reviewed this report the information contained in this report for the entity. Based on my knowledge and with reasonable diligence I attest that the information is true and accurate in all material respects for the Act for the reporting.

Signature

Rajesh Kumar

President

The Hi-Tech Gears Canada Inc.

Date : 31 MAY 2024

Place : GUELPH.