

# Thermacell Repellents, Inc.: Report Under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*

(For the fiscal year ended December 31, 2023)

## Introduction

Thermacell Repellents, Inc. ("**Thermacell**", "**TRI**", "**our**" or "**we**") submits this report (the "**Report**") in compliance with the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "**Act**") for the fiscal year ending December 31, 2023.

## About Thermacell

Thermacell is a privately held company, founded in 1999 and based in Bedford, Massachusetts. Our mission is *to liberate people who love the outdoors from the harmful effects of insects*. We make the world's leading spatial mosquito repellent and targeted tick control solutions. Dedicated to delivering the best consumer experience, we have an expansive product line for both adventure and home use. We aim to change the way people repel insects, and through disruptive innovation, strong distribution across multiple retail channels, and a global footprint, our base of users is growing rapidly.

TRI currently employs over 115 full time employees at our locations in Bedford, Massachusetts (corporate headquarters), Buford, Georgia (manufacturing and distribution centre), and Hampton, Florida (research and development facility).

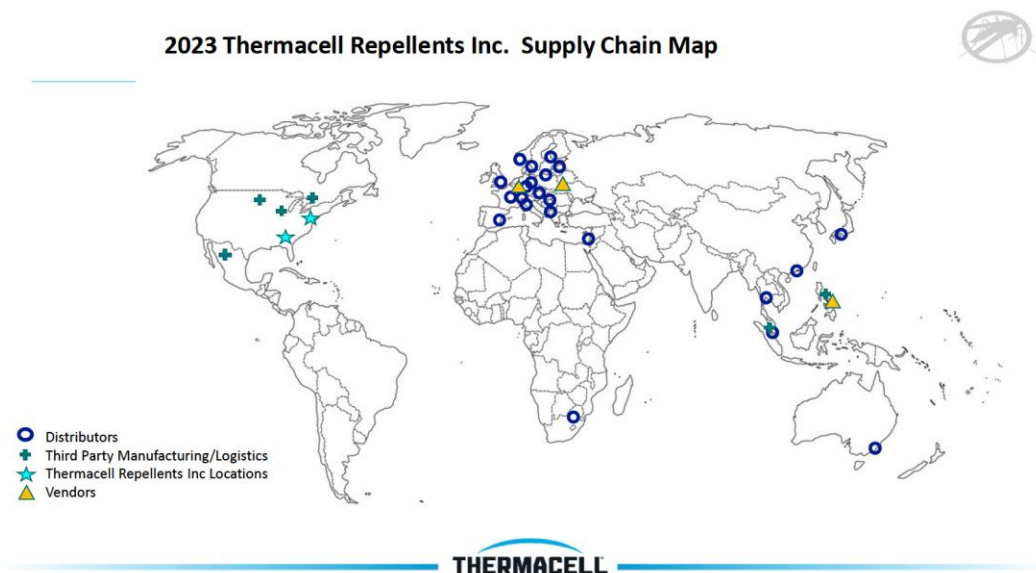
Thermacell is committed to maintaining supply chains that are free of forced and child labour by promoting ethical business practices in our operations and supply chains. We strive to play a part in the worldwide effort to eradicate forced and child labour, thereby ensuring a safer and fairer future for everyone. In 2023, Thermacell implemented several measures to prevent and reduce the risk of forced and child labour at any stage of the production of Thermacell products:

- **Supplier Code of Conduct.** In 2023, Thermacell introduced a new Supplier Code of Conduct that reinforces our dedication to upholding high ethical business standards, including the protection of human rights and the promotion of fair labour practices. This code explicitly prohibits forced labour and child labour, and it is being integrated into our supply agreements. We are actively seeking acknowledgments from all our tier one suppliers, prioritizing our strategic and preferred partnerships to ensure full compliance.
- **Supplier Qualification Process and Audits.** Thermacell employs a comprehensive supplier qualification process, which includes quality assessments, financial risk evaluations, and adherence to our Supplier Code of Conduct before entering into supply agreements. We conduct annual business reviews of key suppliers, utilizing a scorecard system to provide feedback on their performance in areas such as cost, innovation, quality, service, and compliance with the Supplier Code of Conduct.

- **Third-Party Social Audits and Internal Audit Process.** Thermacell participated in third-party audits coordinated by customers, which included assessments of compliance with codes of conduct that address issues such as child labour and forced labour. Additionally, Thermacell is establishing an internal audit process to complement third-party certifications to ensure thorough due diligence during supplier onboarding and ongoing monitoring.

## Activities and Supply Chains

Thermacell's primary operations involve the development, manufacturing and distribution of mosquito repellent devices and consumables. Thermacell's supply chains spans several countries and involves multiple stages, from raw material sourcing to final product assembly.



### Distribution

Thermacell products are distributed through a network of distributors and retail partners across North America (Canada and the US) and internationally. Thermacell has a significant operational presence in North America, with distribution centres located in Georgia, USA and in Ontario, Canada. Our distribution channels extend across various international markets, including the European Union and various countries in the Pacific region. We sell products to various customers, including wholesalers, retailers, and direct to consumers.

### Manufacturing and Sourcing

Thermacell relies on a mix of in-house production and third-party manufacturing to maintain flexibility and meet market demands for its products.

### **Internal Manufacturing Facility**

Our internal manufacturing operations are primarily located at our Buford, Massachusetts facility. This site is responsible for producing essential components such as insecticide mats, refill kits for fuel-based repeller devices, and rechargeable refills for electronic devices. Additionally, this facility manages display manufacturing, assembling and packaging activities crucial for efficient product distribution and retail presentation. The Buford facility employs around 40 permanent employees and is also supported by temporary contract workers to handle fluctuating production demands.

In Canada, Thermacell undertakes minor processing activities, primarily focused on the packaging and re-labelling of imported goods. We repackage and relabel bulk products into selling units and certain active ingredients for re-export to the United States. We use the services of a third-party logistics (3PL) provider in Canada for display assembly, packaging, labelling and fulfilment to retail and wholesale customers.

### **Third-Party Manufacturing and Vendors**

We leverage third-party manufacturers for key components and certain finished goods, employing a strategic mix of internal and external manufacturing to ensure that we can maintain high quality standards and operational efficiency. Thermacell's key manufacturing and assembly operations occur in each of Thailand, Mexico, and the United States. Additional assembly operations for rechargeable devices and the blending of repellent solutions take place in the United States. The blending and formulation processes occur mainly in the United States (Minnesota), where active ingredients are blended and formulated into repellent solutions before packaging. Final assembly and packaging operations to prepare the devices and refills for distribution occur in each of Thailand, Mexico, and the United States.

### **Raw Materials and Components**

We utilize various chemicals and materials in the production of our mosquito repellent products sourced from Japan and China. Batteries and other electronic components essential for the functioning of rechargeable devices are sourced from China. Butane, used to power fuel-based devices, is sourced from the Philippines. Other components and packaging incorporated into our repeller devices are sourced from the United States, Philippines, Thailand, China, and Malaysia. Tick control products are manufactured in Bulgaria.

### **Importation of Goods into Canada**

Thermacell acts as a non-resident importer into Canada for its product catalogue, including mosquito repeller devices, refill kits, and tick control products intended for the Canadian market. We also import components such as insecticide mats and butane cartridges as well as packaging materials for minor processing activities in Canada. These goods are primarily imported into Canada from elsewhere in North America (Mexico and the US) and Thailand.

### **Services in Support of Manufacturing and Distribution Activities**

We rely on third-party service providers to support our manufacturing and distribution operations. Key partners include third-party logistics providers for transportation services and temporary labour contractors. Our temporary workforce is integral to managing fluctuations in demand and maintaining

operational efficiency, especially during peak seasons. Temporary employees are systematically subject to age verification, [and](#) background checks, in accordance with domestic labour standards.

## Our Policies

### Employee Handbook

Thermacell has established comprehensive policies to ensure a positive, safe, and productive work environment, as detailed in our Employee Handbook. We are committed to equal employment opportunities and maintain strict policies against harassment and workplace violence. The Employee Handbook also outlines our expectations regarding work hours, overtime, and the open-door policy for addressing employee concerns. During onboarding, employees are required to review and sign the Employee Handbook. This process is completed through a combination of video presentations and digital acknowledgments.

### Supplier Code of Conduct

In 2023, Thermacell introduced a new Supplier Code of Conduct, a comprehensive framework designed to ensure that our business partners adhere to high standards of ethical business conduct. This code embodies our core values: *Drive, Ownership, Integrity, Teamwork, and Evolution*. We strive to create an environment free from the harmful effects of insects while maintaining a strong commitment to integrity, respect for individuals, compliance with local laws, support for universal human rights, and positive contributions to our communities. These guiding principles shape our operations globally, and we expect that our suppliers will also embrace these values.

Thermacell's Supplier Code of Conduct specifies the standards of safety, human rights, environmental and ethical practices we expect from our vendors, suppliers, manufacturers, and other contract partners.

The Supplier Code of Conduct is now incorporated by reference in Thermacell's new supply agreements, ensuring that it forms a binding part of our commercial relationships. We have undertaken to secure acknowledgements from existing suppliers within our strategic and essential partnership tiers that they will adhere to Thermacell's Supplier Code of Conduct.

### Human Rights and Labour

Thermacell is committed to upholding human rights and ensuring fair labour practices throughout our supply chains. We expect our suppliers to adhere to the following standards:

- **Freedom of Association and Collective Bargaining:** Suppliers must respect workers' rights to freely associate, form or join unions, and bargain collectively without fear of retaliation.
- **Compensation and Benefits:** Suppliers must provide fair wages and benefits that meet or exceed legal requirements and strive to pay living wages.
- **Labour Hours:** Suppliers should maintain reasonable working hours, comply with legal work hours and rest periods, and ensure overtime is fairly compensated and responsibly implemented.

- **Voluntary Labour and Forced Labour:** The use of forced Labour, slavery, or human trafficking is strictly prohibited.
- **Child Labour:** Suppliers must comply with national minimum age laws and the age of completion of compulsory education.
- **Hiring and Employment Practices:** Suppliers must adhere to all labour laws and use fair, non-discriminatory hiring practices.
- **Anti-Discrimination, Harassment, and Abuse:** Suppliers must provide an inclusive and respectful workplace, free from discrimination, harassment, or abuse. Thermacell has a zero-tolerance policy towards any form of discrimination, harassment, or abuse based on characteristics such as race, gender, religion, disability, or age.
- **Privacy Protection:** Suppliers must protect employees' privacy and handle personal data in accordance with relevant laws.
- **Freedom from Retaliation:** Suppliers must foster an environment where employees can voice concerns without fear of retaliation.

### Safety, Health, and Environment

Thermacell prioritizes the safety and well-being of individuals and the protection of the environment. Suppliers are expected to:

- **Comply with Safety Regulations:** Ensure facilities and practices comply with all relevant safety laws.
- **Maintain Appropriate Safety, Health, and Environmental Management Systems:** Implement comprehensive safety and health programs to prevent accidents and injuries and maintain safe workplaces.

Thermacell reserves the right to terminate contracts with suppliers that fail to comply with these standards. Violations and concerns can be reported to Thermacell via email at [people@thermacell.net](mailto:people@thermacell.net).

### **Due Diligence Processes**

Thermacell pre-qualification process evaluates potential suppliers based on their ability to meet the company's standards for quality, reliability, and ethical practices. During this process, Thermacell strategic sourcing team collects essential information about the facilities, production capabilities, and supplier's alignment with Thermacell standards and requirements, including with respect to the treatment of workers.

Thermacell categorizes its suppliers into three levels: strategic, preferred, and transactional partnerships. This segmentation guides how supplier relationships are vetted and managed. The Supplier Relationship Management (SRM) program includes regular audits of key suppliers, particularly those in strategic and essential partnership tiers. Physical inspections of supplier facilities can also be conducted to assess

working conditions, production processes, and adherence to safety standards. These inspections help identify any areas of non-compliance that need to be addressed. Key suppliers are subject to annual business reviews and assessed using a scorecard system that provides feedback on performance in areas such as cost, innovation, quality, and service, as well as compliance with the Supplier Code of Conduct. These scorecards help Thermacell track supplier performance over time and make informed decisions about future business relationships.

In 2023, Thermacell introduced a quality assessment framework for new suppliers, which we have started applying retroactively to strategic and essential partners. These audits assess management structures, quality assurance, regulatory compliance, and the overall capability of the affected suppliers to meet Thermacell's business needs. As part of this assessment, suppliers undergo background checks and financial risk assessments to ensure that they are reliable and financially stable. On-site assessments may be conducted to verify compliance with labour standards and other operational criteria. These visits may include checks on employment practices, such as verification of age documentation, contracts, and compliance with labour laws, and health and safety standards at the supplier's facilities.

Additionally, Thermacell participates in third-party and customer-required audits, which cover both compliance and quality standards. Audits are scheduled based on risk profiles and supplier categories, with frequencies ranging from annually to every three years.

## **Risks of Forced Labour or Child Labour**

We are committed to promoting ethical practices throughout our supply chains and recognize that the complex nature of our supply chains, which spans various geographical regions, may carry risks of forced labour and child labour at different stages of production. Our products and the inputs we use to make them are manufactured in operations that may utilize hourly workers and deal with hazardous substances, which present workplace safety and compliance risks. We understand the importance of addressing these risks proactively and are dedicated to continuous improvement in our supply chain management practices to identify, prevent, and mitigate the risk of forced labour and child labour in our supply chains.

## **Remediation Measures**

Thermacell places a high priority in addressing and remediating any instances of forced labour or child labour within operations and supply chains.

To date, we have not identified any cases of forced or child labour in our operations or supply chain, but we remain vigilant and ready to take swift action, should the need arise.

## **Training**

Thermacell places a strong emphasis on creating a safe and inclusive work environment, which includes providing comprehensive training to its employees on key issues such as harassment and workplace violence. The company's anti-harassment policy is a cornerstone of our commitment to maintaining a respectful and supportive workplace. We prohibit all forms of harassment, including sexual harassment,

and provides clear procedures for reporting and addressing such incidents. Employees are trained to recognize various forms of harassment, understand the implications of such behavior, and are encouraged to report any incidents immediately to their supervisors or directly to the President of the company. This training is designed to ensure that all employees are aware of their rights and responsibilities, and to foster an environment where everyone feels safe and valued.

Thermacell also has a comprehensive policy against workplace violence that applies to all employees, customers, vendors, and visitors. The company's training programs cover the recognition and prevention of workplace violence, including physical fighting, threats, and belligerent conduct. Employees are encouraged to report any suspicious activities or threats to their supervisors or directly to the President. The training also emphasizes the importance of maintaining a violence-free environment and provides guidelines on how to handle potentially violent situations safely and effectively. This proactive approach to training ensures that employees are not only prepared to deal with incidents of violence but are also aware of the procedures in place to protect them and maintain a secure workplace.

### **Approval and Attestation**

The Report was approved pursuant to subparagraph 11(4)(a) of the Act by the Board of Directors of Thermacell Repellents, Inc.

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 Thermacell Repellents, Inc. 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.

Christian Gradmuller

Chief Executive Officer



*I have the authority to bind Thermacell Repellents, Inc.*

May 30, 2024