

**2024 SPECTRA PREMIUM MOBILITY SOLUTIONS CANADA LTD ANNUAL
REPORT PRESENTED IN ACCORDANCE WITH THE FIGHTING AGAINST
FORCED LABOUR AND CHILD LABOUR IN SUPPLY CHAINS ACT, S.C.
2023, C.9**

This report is produced by **Spectra Premium Mobility Solutions Canada Ltd** ("Spectra"), a corporation created in accordance with the laws of Ontario (Canada) and with its principal place of business at 1421 Ampère Street, Boucherville (Québec), Canada, J4B 5Z5 ("Spectra" or the "Corporation" or "our" or "we") for the financial year ending December 31, 2024 (the "Reporting Period").

It presents the measures initiated and/or continued in 2024 - following the production of the initial report of May 31, 2024 - to prevent and reduce the risk of forced labour or child labour at any step of the production of goods, in Canada or elsewhere, or of goods imported into Canada by the Corporation.

It is therefore the second Report prepared by the Corporation pursuant to Canada's new Fighting Against Forced Labour and Child Labour in Supply Chains Act (the "Act").

**MEASURES TAKEN TO PREVENT AND REDUCE THE RISKS OF FORCED
LABOUR AND CHILD LABOUR**

Spectra and its employees consider the respect of human rights to be a vital corporate responsibility – i.e. defending and protecting those fundamental rights is a value that guides and governs all of their activities.

We put the highest importance on respecting human rights and diversity wherever we do business. We demand the very same of our business partners, with it being understood that there is a learning curve to grasp and manage with some of them.

Spectra is not a signatory to the United Nations Global Compact (the "Compact"), but is supportive of the Compact's provisions.

In 2024, we continued to implement more structured and effective measures – including some that were developed in 2023 - to prevent and reduce the risk of forced labour or child labour within Spectra, but particularly within our international supply chains. Our approach is no longer to only rely on the experience and flair of Spectra's supply chain managers – i.e. through the involvement of their contact networks to identify possible problem suppliers and/or delinquents.

The following measures, put forward in 2023 and continued in 2024, will increase the strength and effectiveness of Spectra's filters in countering forced labour or child labour:

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- We mandated Spectra's Purchasing Department to review the list of Spectra's current suppliers and to identify the elements and/or behaviours considered to be a risk. A *Supplier Code of Conduct* will also be put together as soon as possible to address the issues specifically identified during the aforementioned review. That preliminary review, completed in 2024, did not reveal any urgent situations meriting immediate intervention and/or the breakdown of the business relationship with a delinquent supplier;
- As part of the development to come of the *Supplier Code of Conduct*, Spectra still intends to carry out a comprehensive internal study to identify the incidents of forced labour or of child labour that may have occurred within its supply chains over time, **particularly outside Canada**, in order to establish a more systematic due diligence process with respect to its suppliers;
- Subject to the results of earlier diplomatic and constructive canvassing, Spectra confirms that it will submit certain selected suppliers to the new formal due diligence process with respect to suppliers, which encompasses the risks related to modern slavery, for the purpose of testing the process and improving it if necessary;
- In addition to these actions targeting certain suppliers, a broader approach of email surveys will be initiated in 2025-2026 on a permanent basis with all of Spectra's suppliers, at a rate that will make it possible to have the data at the appropriate time – i.e. annually or biannually;
- Finally, in order to link international public law commitments with private contractual law linking Spectra to each of its suppliers, a specific clause prohibiting forced labour or child labour was added onto the standard matrix of Spectra's terms and conditions ("T&C"). A similar clause now appears on its other legal documents, including its *Purchase Order* form and its *Master Supply Agreement* standard template. The turnover of new agreements signed with suppliers over the years should standardize the coming into force of this new clause for all of Spectra's suppliers.

Other measures may be adopted over the course of 2025 and in 2026, with it being understood that Spectra considers itself to be at the start of the process of fully gaining access among the ethical companies respecting the Compact.

The exercise is especially relevant given that Spectra has suppliers from a multitude of countries and regions around the world. It's important to know that Spectra Premium Mobility Solutions (www.spectrapremium.com) creates, manufactures and commercializes technologies that support sustainable mobility.

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Our key markets are generic parts for repairing vehicles in North America and original systems for conventional light, heavy and industrial vehicles as well as hybrid and electric vehicles. We deploy our engineering and manufacturing expertise through processes such as metallurgic transformation, heat transfer and electronic components. The company has a devoted team of more than 700 employees who have been the pillars of its exceptional innovation and customer service since 1989.

Spectra strives to create a culture that focuses on diversity and inclusion wherever it carries out its activities.

Spectra's products are mainly assembled and manufactured in its plant in Boucherville, Québec, using parts, components and sub-assemblies from around the world.

POLICIES, GOVERNANCE AND DUE DILIGENCE PROCESSES

Spectra is committed to continue integrating human rights and child rights considerations into its policies with respect to its suppliers, partners, employees and shareholders, as well as into its governance framework and its decision-making process.

Spectra regularly assesses the inherent risks to sustainable development that shape its operating environment. As a result, Spectra develops and implements strategies to improve its performance in the various areas of sustainable development.

Spectra's Board of Directors has delegated a committee specially created for that purpose to oversee the morality, the ethics and the legal conformity of the actions of Spectra's suppliers, as Spectra is best placed to make an overall assessment of a situation and to understand the options at its disposal – i.e. identifying the applicable labour regulation and more specifically the tools fostering the elimination of all forms of forced labour and the abolition of child labour.

The committee in charge of monitoring the ethics of Spectra's suppliers is made up of people running Spectra's Procurement Department, Finance Department and Human Resources Department.

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**HUMAN RIGHTS STATEMENT AND THE PROHIBITION OF CHILD LABOUR
OUTSIDE QUEBEC AND CANADA'S LEGISLATIVE FRAMEWORK**

Spectra reiterates its firm position of not using child or forced labour. To support that commitment, we expect all employees, regardless of their level, and our business partners, to act accordingly.

Spectra's *Supplier Code of Conduct* began being put together in 2024 and will be completed in 2025 or in 2026. It will include specific provisions prohibiting child labour and forced labour. More specifically, the *Supplier Code of Conduct* will stipulate:

"Spectra does not practice and does not support child labour, and does not tolerate the use of child labour at any level of its supply chain. For the purposes of this *Supplier Code of Conduct*, child labour encompasses any type of work carried out by an employee under the age of 15, unless that work forms the basis of educational or vocational training, or any other type of training program. However, for employment or work that, given its nature or circumstances is not suitable for a person under the age of 18, child labour shall mean employees under the age of 18".

Moreover, the *Supplier Code of Conduct* will stipulate the complete prohibition of forced labour:

"Spectra does not practice any form of human trafficking, does not use any forced labour or modern slavery, and does not tolerate those practices at any level of its supply chain. No Supplier may demand that anyone, under threat of a penalty, carry out a task or provide a service. For example, Suppliers' employees, regardless of their employment status, must be free to leave work or terminate their employment with reasonable notice, and they are not required, in order to be able to work, to return their government-issued identification, their passport or their work permit".

PROMOTING THIRD-PARTY DUE DILIGENCE

Spectra wishes to continue, while improving its operational efficiency, to strengthen its processes in order to reduce the risks of forced labour and using child labour. Guided by its intuitive approach of third-party due diligence, its supply chain managers already apply a risk assessment procedure before getting involved with new suppliers and conduct reviews based on their operational risk framework.

As mentioned earlier, Spectra wishes to adopt measures to strengthen the current third-party due diligence process to support the supply chain, by enriching it with a global risk-based approach, which should improve Spectra's ability to identify

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and mitigate the risks associated with said supply chain. The risks related to modern slavery will be included in this process and, in 2024, we will put certain suppliers through the process in order to test it and improve it when necessary.

**COMMITMENT WITH RESPECT TO REPORTING FORCED LABOUR OR
CHILD LABOUR AND PROTECTION AGAINST RETALIATION**

In accordance with the position taken and the philosophy expressed by Spectra's management and the members of its Board of Directors, should employees or suppliers have concerns about forced labour or child labour, they have a responsibility to share their suspicions. To that end, Spectra already provides them, or will provide them in the near future, with several channels to report any possible breaches, on a confidential basis or not, for example:

- Confidential and protected reporting to colleagues, including supervisors, Human Resources representatives, Legal Services representatives, Internal Audit representatives or to the next level of management;
- Confidential reporting within the framework of the whistleblowing process indicated in Spectra's Code of Conduct, for both employees and suppliers.

ASSESSING AND MANAGING RISKS BY SPECTRA

Spectra adopts a risk-based approach to assess and manage the risk of forced labour and child labour. This approach helps us prioritize our efforts and adjust our actions. Our methodology for identifying risks in our supply chain through our third-party due diligence process combines country risk indicators, the supplier's category and the type of product or service being offered by the supplier. The resulting risk score sets the level of additional due diligence to carry out, notably with respect to forced labour and child labour, as well as the scope of ongoing monitoring and the frequency of reviews needed.

Our methodology for identifying risks is notably based on:

- 1) the fact that the supplier has their head office or their manufacturing sites in countries that have mediocre scores on the corruption perception index or that are at risk based on the global slavery index according to the products that they supply to Spectra;
- 2) the fact that the products or services come from or are delivered to one of the countries mentioned above;
- 3) the fact that Spectra is supplied with certain indirect goods and services, out of its sight and/or control; and

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- 4) the fact that the products offered by the supplier to Spectra include raw materials.

Spectra is also targeting the implementation of a complete monitoring solution that will detect world events that could create repercussions on its supply chain. This real-time solution will allow Spectra to increase the visibility of its supply chain, to monitor activity around the world that could disrupt or impact its activities, and to manage risks in a more proactive way. Among other things, the system monitors natural disasters, labour disruptions, cyberattacks, as well as financial and geopolitical risks.

CORRECTIVE MEASURES

The measures and mechanisms already in place, being implemented and/or the future *Supplier Code of Conduct* provide and/or will provide our employees and our suppliers with a complete mechanism for reporting violations of an ethical or a legal nature, among other concerns. In accordance with the principles of the Compact and our policies, if a situation of non-compliance is identified, Spectra will develop and implement a corrective plan to remedy the situation.

TRAINING

Spectra's employees receive customized training on a regular basis and/or when needed on ethical topics and Spectra's policies, but that is embryonic with regard to forced labour or child labour. All new office employees receive a mandatory training package that includes a section on ethics.

In 2025, Spectra intends to broaden the training to provide it to new groups of employees. This specialized training first focuses on the prohibition and the denunciation of child labour and forced labour, with the understanding that a course was designed and documented on a PowerPoint to that effect.

ASSESSING EFFECTIVENESS

Spectra has implemented a certain number of measures aimed at preventing and reducing the risk that forced labour or child labour is used during the course of its activities and in its supply chains. We have not yet taken measures to assess the effectiveness of those actions, but Spectra intends to later assess its effectiveness with respect to preventing and reducing the risks of forced labour and child labour within the framework of its activities and its supply chains.

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APPROVAL AND ATTESTATION

This Report was approved by Spectra's Board of Directors, pursuant to subparagraph 11(4)(a) of the Act.

In accordance with the requirements of the Act, and in particular Section 11 thereof, I, the undersigned, attest that I have reviewed the information contained in this Report for the entity listed above. To my knowledge, and after having exercised due diligence, I confirm that the information contained in this Report is true, accurate and complete in all material respects for the purposes of enforcing the Act, for the reporting year listed above.

I have the authority to bind **Spectra Premium Mobility Solutions Canada Ltd.**

A handwritten signature in black ink, appearing to read 'Nilesch Soni', with a long horizontal line extending from the end of the signature.

Per: Nilesch Soni, Chief Executive Officer