



**2023 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, 2023 (the “Reporting Period”).

It presents the measures taken 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 the first 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.

Generally speaking, we initiated more systematic and structured measures over the course of the Reporting Period to prevent and reduce the risk of forced labour or child labour in our business and in our supply chains. In the past, our approach was more intuitive and was based on the experience and flair of Spectra’s supply chain managers, including the involvement of their contact networks to identify possible problem suppliers and/or delinquents.

The following measures, put forward in 2023 and 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 then be put in place in early fall of 2024 to address the issues specifically identified during the aforementioned review;
- As part of developing the *Supplier Code of Conduct*, Spectra will carry out an internal assessment of the risks concerning forced labour or child labour in its supply chains, particularly outside Canada, in order to establish a formal due diligence process with respect to its suppliers;
- Subject to the results of earlier diplomatic and constructive canvassing, Spectra wishes to 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 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 will be added onto the standard matrix of Spectra's terms and conditions appearing on its legal documents, including its *Purchase Order* form.

Other measures may be adopted over the course of 2024, 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](http://www.spectrapremium.com)) creates, manufactures and commercializes technologies that support sustainable mobility. 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.



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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 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 will be made up of people running Spectra's Procurement Department, Finance Department and Human Resources Department.

**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*, which will be put in place in 2024, 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



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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 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:



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- 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
- 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.



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**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 2024, Spectra intends to provide certain groups of employees with training that will notably include child labour and forced labour.

**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.

**APPROVAL AND ATTESTATION**

This Report was approved by Spectra's Board of Governors, 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.



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

A handwritten signature in black ink, appearing to read 'Josh Gordon', written in a cursive style.

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Per: Josh Gordon, Chief Executive Officer