



## **Ground Effects LTD. Report on Fighting Against Forced Labour and Child Labour in Supply Chains**

### **INTRODUCTION**

This report is made pursuant to the Fighting Against Forced Labour and Child Labour in Supply Chains Act by Ground Effects Ltd. (GFX, we, us, our). *This Report summarizes GFX's steps to prevent and reduce the risk of forced labour and child labour within our manufacturing operations and Supply Chain.*

GFX does not tolerate human trafficking, slavery, forced labour, corporal punishment, or child labour. Recognizing the importance of protecting and promoting fundamental human rights, GFX has implemented due diligence procedures to prevent and reduce the negative impacts of forced and child labour, both in its facilities and in its supply chain.

It serves to demonstrate our commitment to upholding human rights and aligning with relevant Canadian legislative requirements.

### **1. OUR STRUCTURE, ACTIVITIES AND SUPPLY CHAIN**

#### **Our Structure and Activities**

GFX is incorporated under the laws of Ontario, Canada, with its registered head office located at 4505 Rhodes Drive, Windsor, ON N8W 5R8. GFX operates through two divisions: Ground Effects, LTD in Canada and Ground Effects, LLC in the United States. As a leading global producer of OEM-grade automotive accessories, GFX operates across 33 locations in Canada, the United States, Mexico, Thailand, and China, employing approximately 4,000 people worldwide.

Recognized for our innovative partnerships with OEMs and aftermarket organizations, GFX provides advanced manufacturing solutions, including metalworking, injection molding, large-scale coating, and automated assembly. In addition to producing high-quality exterior accessories, GFX also up-fits finished vehicles at modification centers strategically located near assembly plants across North America and Asia.

#### **Our Supplier Chain**

GFX works closely with suppliers to source high-quality raw materials, goods, and services essential to our operations and the production of world-class products. With approximately 1,500 active suppliers, local suppliers account for about 98% of GFX's supplier base. While the composition of our supply chain may vary within each calendar year and from year to year, local suppliers consistently represent a majority of all suppliers. Our overseas partners are carefully selected for their strong reputations as ethical and reliable organizations. GFX is committed to maintaining a supply chain that upholds high standards of ethical conduct and social responsibility.

### **2. OUR POLICIES AND PROCESSES TO COMBAT FORCED / CHILD LABOUR**

#### **GFX's Value and Commitment to Respecting Human Rights**



Respect for human rights is a fundamental aspect of our core values. We recognize our responsibility to prevent forced and child labour while promoting socially responsible business practices. GFX is committed to conducting business ethically and in full compliance with applicable labour laws and regulations in all jurisdictions.

We expect our employees, suppliers, consultants, contractors, agents, and other third parties engaged on our behalf, to maintain high ethical standards. GFX expects all personnel and suppliers to act with integrity, adhering to relevant laws, regulations, standards, and GFX policies wherever they operate. Non-compliance with these standards may lead to the termination of the business relationship.

### **Governance Structure**

GFX's corporate functions play a significant role in managing policies and implementing initiatives to address social risks, including forced and child labour. These responsibilities as follows:

- **Human Resources and Health, Safety, and Environmental Department:** Ensures compliance with employment standards, human rights, working conditions, safety, employee wellness, and environmental policies. This team also oversees due diligence and audit processes within GFX operations.
- **Purchasing and Materials Management:** Conducts supplier assessments and due diligence to ensure human rights standards are maintained across the supply chain.
- **Compliance Specialist Function:** Provides regular and ad-hoc reports to monitor and address compliance-related issues.

### **Key Policies Supporting Our Commitment**

At GFX, we are committed to upholding human rights and fostering socially responsible business practices. Our policy framework prohibits forced and child labour, promotes the welfare of workers, and ensures fair treatment across all operations. The cornerstone policies supporting this commitment include:

- **Human Rights & Working Conditions Policy:** All GFX employees and suppliers are required to comply with the Universal Declaration of Human Rights and associated Covenants, and the International Labour Organization Declaration of Fundamental Principles and Rights at Work. Supplier adherence to these standards is outlined in GFX's Supplier Manual. This policy reflects GFX's commitment to recognizing our employees as our most valuable resource and asset, while also emphasizing our dedication to respecting human rights. We seek partnerships with organizations that share and align with the principles of this policy.
- **Rules of Conduct:** GFX's Rules of Conduct apply equally to all employees and establish a standard of behavior that reflects our values and expectations for respect and compliance. These rules include the Antibribery, Fraud, and Corruption Policy and Response Plan, as well as the Harassment Policy, Program, and Resolution Process.
- **Diversity, Equity, and Inclusion Policy:** GFX is committed to promoting diversity, equity, and inclusion in the workplace, as outlined in our Equal Employment Opportunity policy. This policy ensures fair treatment for all employees and fosters a healthy, safe work environment free from discrimination and favoritism. GFX celebrates and welcomes the diversity of all employees, stakeholders, and external personnel.



- **Conflict Minerals Statement:** GFX complies with reporting and disclosure requirements related to “conflict minerals” as outlined in the Doss-Frank Wall Street Reform and Consumer Protection Act, imparted by the U.S. Securities and Exchange Commission. We exercise due diligence over supply chains in accordance with the internationally recognized frameworks of the OECD Due Diligence Guidance and the UN Guiding Principles on Business and Human Rights. We conduct conflict minerals surveys to uphold transparency and accountability within our supply chains.
- **Accessibility Policy:** This policy has been established and implemented to comply with the Accessibility for Ontarians with Disabilities Act, 2005.
- **Supply Chain Sustainability Guidelines (Supplier Code of Conduct):** Outlined in Section 10 of the GFX Supplier Requirement Manual, this code prohibits child labour, forced labour, modern slavery, harassment, discrimination, and corrupt practices. It sets clear expectations for our suppliers and business partners to adhere to ethical and sustainable practices.

Through these policies, GFX fosters a culture of respect, accountability, and ethical responsibility, reinforcing our dedication to human rights and sustainable business operations.

Our key policies can be found at <https://www.gfxltd.com/policies>.

### 3. STEPS TAKEN TO PREVENT AND REDUCE RISKS

#### Risk Assessment and Mitigation

GFX employs a robust risk assessment process to identify and address potential vulnerabilities across our supply chain. This may include evaluating the sourcing of raw materials, goods, services, and supplier locations. To ensure compliance and uphold our standards, we conduct regular site visits and audits of overseas suppliers, reinforcing accountability and transparency throughout our supply chain.

#### Supply Chain Evaluation

As part of our supplier onboarding process, GFX conducts thorough due diligence to ensure compliance with our Supplier Code of Conduct, Sustainable Procurement Policy, and Human Rights & Working Conditions Policy. This evaluation establishes clear expectations for ethical and responsible practices from the outset. It involves utilizing a variety of sources, including regulatory guidance and legislation such as the Uyghur Forced Labour Prevention Act, as well as publicly available data. As a result, GFX believes its risk of forced labour and child labour is low.

#### Contractual Requirements

GFX’s general contracting terms require suppliers to comply with key policies. Non-compliance may result in contract termination.

#### Forced Labour and Child Labour Risks

GFX acknowledges that the jurisdictions where we source goods and services may carry potential risks related to forced or child labour, either directly or indirectly. We have assessed our supply chain and the potential for exposure through direct relationships with suppliers, prioritizing engagement with globally recognized and reputable organizations. GFX maintains strong, long-term relationships with customers, service providers, and suppliers, ensuring open communication and ongoing collaboration. Based on our



internal assessment, we believe the risk level associated with our raw materials, goods, and service suppliers is low.

### **Remediation Measures**

GFX has assessed the risks of forced labour and child labour in our operations and supply chain as low. As such, we have not yet taken specific remediation measures for forced or child labour in our activities or supply chains. However, GFX understands that, regardless of the level of risk, remediation measures that include engaging with any business partners identified as being affected by forced labour and/or child labour are essential in addressing future risks. Therefore, remediation has been prioritized as an actionable item, and GFX will implement the necessary measures in the future.

### **Remediation of Loss of Income**

We have not identified any loss of income to vulnerable families as a result of our efforts to mitigate the use of forced or child labour within our activities and supply chains. GFX understands that, regardless of the risks involved, remediation measures are essential. Therefore, remediation has been prioritized as an actionable item, and GFX will implement the necessary measures in the future.

### **Training**

All employees are required to complete training on the Code of Business Conduct and Human Rights. In addition, policy communications are delivered through email, compliance videos, targeted training sessions, and other initiatives.

### **Assessing Effectiveness**

GFX conducts a comprehensive Compliance Risk Assessment to evaluate critical risks, including corruption, human rights violations, forced labour, and child labour, ensuring continuous improvement in mitigating these risks.

## **CONCLUSION**

GFX remains committed to preventing the use of forced labour and child labour in our activities and in our supply chain. We will continue to develop, review, and improve our policies, procedures and practices to continue to expand our capacity to prevent forced labour and child labour.



**APPROVAL AND 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 Ground Effects Ltd. I attest that, upon information and belief, the information in the report is true and accurate for the purposes of the *Act*, for the reporting year Oct. 1, 2024 to September 30, 2025.

I have authority to bind Ground Effects Ltd.

**Full name:** Marcus Hamilton

**Title:** Secretary

**Date:** 11/\*12/2025

DocuSigned by:

**Signature:** Marcus Hamilton

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