

Combating Forced Labor and Child Labor in Supply Chains

2024 Annual Report



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STRUCTURE AND ACTIVITIES

About Us

This report was prepared in accordance with the Canadian Act to Combat Forced Labor and Child Labor in Supply Chains (the “Act”) and outlines the steps taken by Motrec International Inc., a privately held company incorporated under the Canada Business Corporations Act, during the financial year ending May 31, 2025, to prevent and reduce the risk of forced labor or child labor in its operations and supply chain.

This report details both the actions already taken and the measures that will be put in place by our company to mitigate risks associated with modern slavery, including forced labor and child labor, within our business activities and supply chains.

Motrec International Inc. has engaged an external provider, Groupe Conseil C-TPAT Inc (GCC), a risk assessment and logistics expert, to assist us in analyzing and improving our processes, helping to minimize the risk of forced labor and child labor in our supply chain.



Motrec International Inc. At a Glance

Motrec International Inc. has earned a strong reputation as a world-class designer and manufacturer of electric industrial vehicles for the horizontal transport of goods and people.

Driven by innovation and relentless dedication, we have reimagined, designed, and propelled ourselves to this leading position. Our commitment to exceeding customer expectations has become our hallmark, which is why satisfied clients around the globe have chosen Motrec since 1988.

Motrec International Inc. employs nearly 90 people at our sole manufacturing facility located at 4685 Portland Boulevard, Sherbrooke (Quebec) J1L 0J1, Canada.

At Motrec, our vision is to be recognized as the global leader in designing and manufacturing electric industrial vehicles for horizontal transportation of goods and individuals—fully meeting the needs of every customer, no matter the work environment, task, or application.

PREVENTION AND RISK REDUCTION MEASURES



Motrec International Inc. is proudly certified under the voluntary public-private partnership program, Customs Trade Partnership Against Terrorism (CTPAT), led by the U.S. Customs and Border Protection agency. This initiative is focused on safeguarding and implementing proactive measures to minimize the risk of illegal trafficking throughout the cross-border supply chain and logistics.

As part of our compliance requirements, we conduct reviews related to social responsibility and modern slavery with our business partners.

Following an internal assessment conducted by our team with support from Groupe Conseil C-TPAT Inc, we've developed an action plan and identified new mitigation strategies to further strengthen our approach to preventing forced labor and child labor risks in our supply chains, including:



Establishing a steering committee responsible for governance, diligent review, and identifying risks and impacts related to forced labor or child labor.



An independent assessment of risks related to forced labor and child labor in our operations and supply chains will be carried out and completed within the next year.



Ongoing risk analysis throughout our supply chain to identify and prioritize areas with higher potential for forced labor or child labor, allowing us to focus our due diligence efforts where they matter most.



Development of our official policy to combat modern slavery.

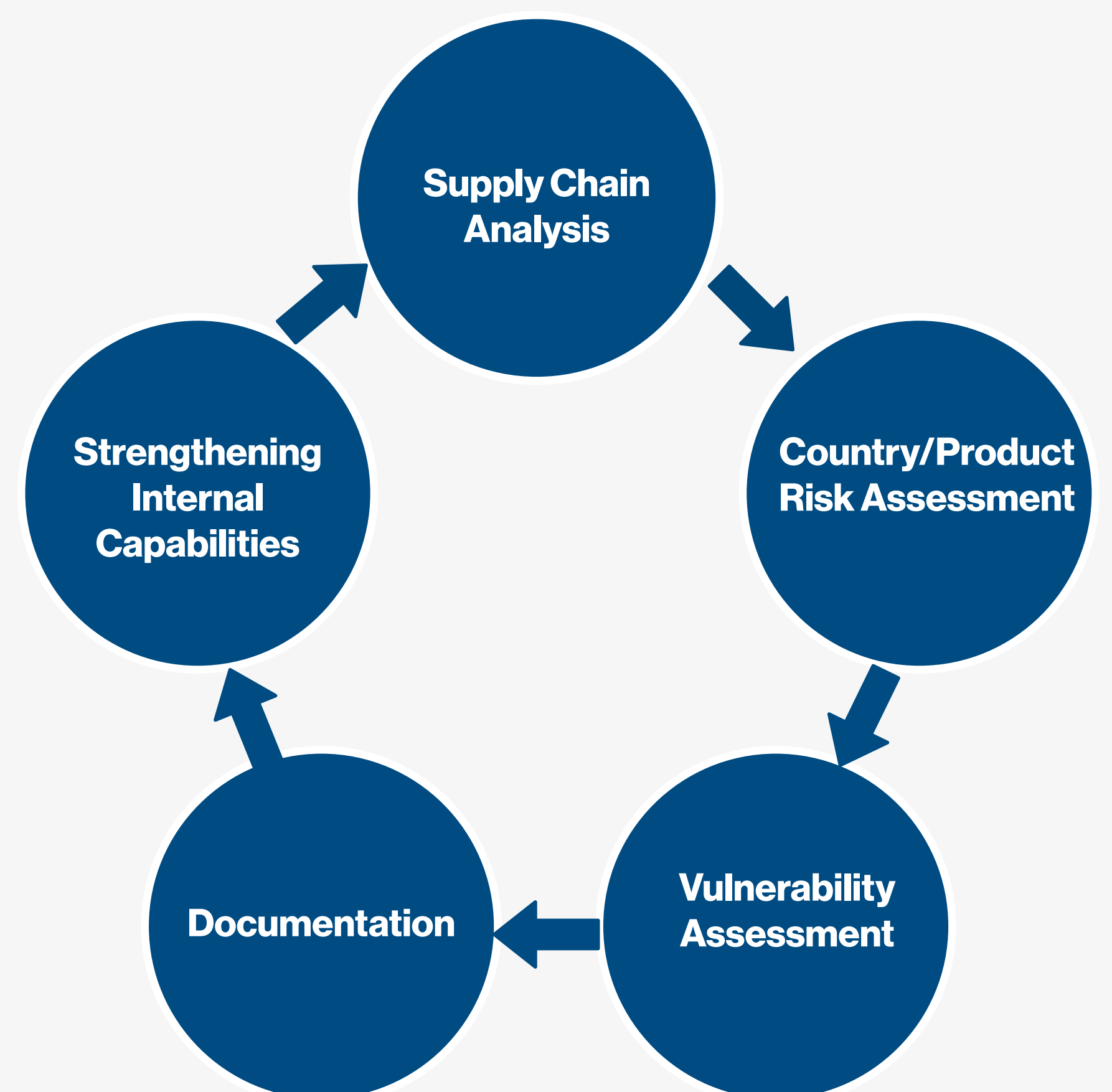


Drafting our Supplier Code of Conduct to raise awareness among our partners and clearly state our strong stance against any form of forced labor or child labor within our supply chains.

Supply Chain & Risk Management

Methodology

Our five-step risk analysis follows the proven CTPAT program framework and is tailored to assess risks of forced labor and child labor throughout our operations and supply chains.



Our Supply Chain

During the reporting period, we conducted a thorough assessment of our top-tier suppliers, both local and international, who are part of our supply chain.

To further strengthen this process, we also analyzed samples of customs declarations to take into account the countries of origin for our direct imports.

This analysis helps us pinpoint suppliers that present a higher level of risk. Based on these findings, we will closely monitor these suppliers and implement targeted actions to lower associated risks and ensure we uphold our ethical commitments.

Motrec International Inc. sources the vast majority of its goods and raw materials from North American suppliers, making up 99% of its supply, with less than 1% coming from Europe and Asia-Pacific when acting as the official importer.





Analysis Summary

We have determined that the direct inputs in our supply chain for manufacturing our products mostly come from North America, which we consider low risk. No evidence of modern slavery has been found in this part of our supply chain.

Supplier Assessment 2024-2025

We are conducting a deeper review of a segment of our supply chain sourced from certain Tier 2 supplier countries.

This area requires improvement so we can more effectively identify risks on an ongoing basis and maintain vigilance throughout our verification process.

Human Resources

All our hiring is done in-house following strict standards, and working conditions uphold human rights for every employee.

Motrec's employee handbook promises transparency, fairness, and reasonable treatment for our entire staff.

POLICIES AND DUE DILIGENCE PROCESSES

We are enhancing our policies to safeguard human rights and prevent the use of forced labor and child labor in our operations and supply chains.

We will establish a dedicated governance structure to strengthen the enforcement of these policies against forced labor and child labor.

Motrec International Inc. is fully committed to combating forced labor and child labor in its supply chains by conducting thorough due diligence assessments to identify, address, and reduce risks associated with modern slavery and human rights violations.

Our due diligence approach will include regular audits, ongoing training, and robust reporting mechanisms to ensure continuous monitoring and improvement of our ethical practices.

Our management committee will oversee the strict implementation of our modern slavery program and will coordinate the integration of these principles throughout all activities at Motrec International Inc.



Modern Slavery Policy

Motrec International Inc. is deeply committed to upholding human dignity and places great value on advancing equality and safeguarding human rights across all our operations, supply chains, and business relationships. That's why we're dedicated to providing a safe and welcoming workplace for everyone.

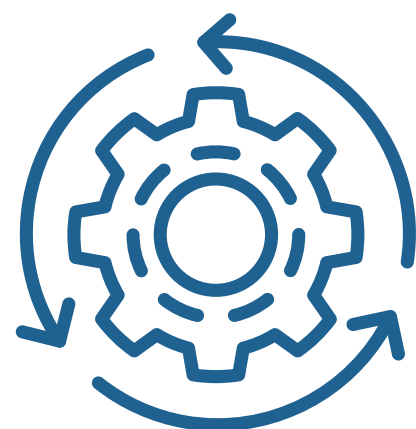
This commitment will be demonstrated through our Modern Slavery Policy, which is shaped by leading practices and global standards.

Code of Conduct



Our supplier code of conduct, currently under development, will require suppliers to comply with all applicable laws and regulations in every jurisdiction where they operate. It will also include a dedicated section prohibiting the use of forced labor, child labor, or any other form of involuntary work.

Effectiveness Review



In the upcoming reporting year, we'll be focused on building a continuous improvement process to identify key performance indicators.

This initiative is designed to strengthen our current actions and expand our prevention and risk reduction efforts across all our operations and supply chain partners.

Remediation



So far, we have not identified any cases of forced labor or child labor within our operations or supply chains, which means we have not found any loss of income among vulnerable families as a result.

We remain vigilant and will take a closer look at higher-risk segments of our direct international supply chain.

Reporting

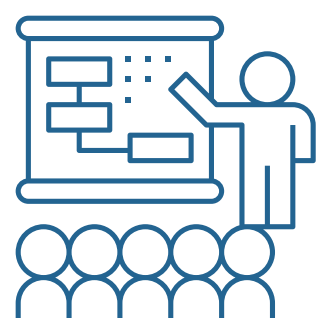


During the reporting period, employees who interact with suppliers are required to report any behavior they believe may be illegal or unethical, including any signs of slavery or human trafficking within the supply chain.

In the coming year, a formal reporting process will be established to outline the steps to take in situations involving modern slavery.

Once finalized, this procedure will be shared with all staff to better equip employees to recognize and report such cases.

Training



No formal training was implemented during the reporting year.

In the coming year, we will develop and eventually provide structured training for relevant employees, especially those whose roles expose them directly or indirectly to risks related to modern slavery.

Approval & Certification

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 Motrec International Inc.

Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report are true, accurate, and complete in all material respects for the purposes of the Act, for the reporting year listed above.

I have the authority to bind Motrec International Inc.

Blair McIntosh
President & Chief Executive Officer (CEO)
August 25, 2025

