

Kuntz Electroplating Inc.



Fighting Against Forced Labour and Child Labour in Supply Chains Act Annual Report

Reporting Period: Fiscal Year Ended August 3, 2024

1. Introduction

This document constitutes the second report prepared by Kuntz Electroplating Inc. (“KEI” or the “Company” or “we” or “our”) under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “Act”). It covers the Company’s most recently completed financial year ended August 3, 2024 (the “Reporting Period”), and outlines the steps KEI has taken during the Reporting Period to prevent and reduce the risk that forced labour or child labour is used at any step of its importation, production, or sale of goods within Canada and internationally by the Company.

2. Steps Taken in the Previous Financial Year to Prevent and Reduce Risks of Forced Labour and Child Labour

At KEI, we are committed to upholding international human rights standards, such as the United Nations Universal Declaration of Human Rights, and mitigating the risks of forced labour and child labour in our supply chains. Guided by this core commitment, we endeavor to operate our business conscientiously, providing decent work and equal opportunities for our employees while maintaining our stance against exploitative labour practices such as forced labour and child labour. This dedication manifests through employee education and training programs aimed at cultivating a skilled workforce, ensuring ample opportunities for professional growth and economic productivity. As a company, we continuously strive for operational excellence, integrating risk management practices to minimize environmental impact and promote good health within our community. We innovate and diversify our approaches, actively seeking technological advancements to foster a safe and progressive workplace. Through these interconnected efforts, we foster a culture of respect, growth, and sustainability, ensuring that our business operations positively impact both our employees and the wider community.

During the Reporting Period, KEI carried out the following actions:

- Maintained a Whistleblower Policy as a mechanism for employees to report any instances of illegal, unethical, or inappropriate conduct without fear of retaliation.
- Implemented a Supplier Code of Conduct that mandates ethical practices, including an express prohibition against human trafficking, exploitation, slavery and child labour.
- Incorporated our Supplier Code of Conduct as a part of our Terms and Conditions of Purchase agreement. When fulfilling our orders, suppliers now agree to comply with our terms and conditions that explicitly require that suppliers: “...shall not engage, actively or passively, nor directly or indirectly in any form of bribery, in any violation of basic human rights of employees or any child labour.”
- Mapped our operational activities and our Tier 1 suppliers.

3. Our Structure, Activities and Supply Chains

3.1 Structure

KEI is a family owned and managed business that has been operating since 1948. The current legal entity was incorporated under the Ontario Business Corporations Act in 1990. Our operations are located in a 340,000 square foot facility in Kitchener, Ontario; with approximately 425 full-time employees. Our success is rooted in a collaborative management style; strong relationships within the automotive, motorcycle, and recreational vehicle sectors; the expertise of our employees; a streamlined structure ensuring our competitiveness; and our status as a global market leader in our industry.

As a responsible corporate citizen and community leader, we at KEI hold environmental stewardship and sustainable business practices as core values of our operation. Our commitment to excellence is reflected in our credentials. We are an IATF 16949, ISO 9001:2015, and ISO-14001 registered company. Furthermore, we express our dedication to our industry as a proud member and supporter of the Canadian Association for Surface Finishing (“CASF”), actively contributing to the advancement and sustainability of surface finishing standards.

3.2 Activities

KEI provides value-added manufacturing services, such as powder coating, electroplating (nickel/chrome) and anodizing for the automotive, motorcycle, and recreational vehicle sectors. We also offer some light assembly services as required by our customers. Our inventory includes finished aluminum extrusions, die castings and forgings, as well as steel stampings. We take pride in our cutting-edge production and quality systems, which have been an industry standard for over 75 years. A more detailed description of our activities is outlined below:

Polishing

KEI performs all polishing and buffing in-house with state-of-the-art robotic technology that not only ensures the highest quality and minimizes handling; but also significantly reduces the necessity for manual labour by up to 90%. Our facility boasts over 30 sophisticated robotic cells and an array of high-speed machinery. The equipment is developed and maintained by our own automation team and process engineers. Our in-house programmers tailor each robot's path and provide ongoing maintenance for the life of each program. Offering 24-hour service, our robots are programmed and trained by master programmers, who began their careers as polishers and have a deep understanding of the craft, ensuring they can imprint both fundamental and complex polishing techniques into the robotic paths.

Electroplating

KEI is North America's most sophisticated plating facility, featuring two of the industry's leading high-volume, computer-automated plating lines, along with a small-volume line dedicated to research & development and specialty finishes, all producing durable and aesthetically appealing finishes through a mix of copper, quad nickel, and micro-discontinuous chrome. We excel in auxiliary anode assisted plating for intricate designs and offer an efficient, "once-through" process for various substrates. We have mastered selective plating on challenging parts, such as motorcycle components, and our capacity to handle complex OEM designs positions us as a global leader in surface finishing.

Powder Coating

KEI's advanced coatings centre, with a new powder coating plant, signifies our commitment to producing superior painted products that fulfill "Class A" finish standards and rigorous testing protocols, meeting or outpacing OEM demands. Our eco-friendly powder coating process eschews volatile organic compounds found in traditional liquid paints and features a 6-stage eco-conscious Zirconium pre-treatment system that tops alternative methods. Our pre-heat process improves paint adherence, enabling a smoother finish and dual coat application, while a sealed clean room with strict climate control ensures consistency, especially for complex finishes like intricate EV battery coatings and gloss black for automotive parts.

Secondary Services

KEI provides an extensive array of in-house services designed to meet various customer needs. We undertake sub-assembly of components and cater to specific finishing requirements such as bright buffing and specialized polishing. Additionally, we offer decorative services like paint fill highlights or decal applications, and we handle packaging and logistics. We ensure efficient warehousing and storage solutions, and have comprehensive supply-chain management capabilities to streamline the production process from start to finish.

In collaboration with our long-standing partners, we extend our service range to incorporate value-added offerings. These include the sourcing of raw components, like aluminum die castings, forgings and extrusions, as well as steel stampings. We can also arrange for specialized corrosion-resistant coatings and precision CNC machining services, ensuring all aspects of product development and enhancement are thoroughly covered.

3.3. Supply Chains

KEI is committed to maintaining its position as a leader within the surface finishing sector for automotive and motorcycle components, and we recognize the important role that each supplier has in maintaining our position of excellence in technology, research & development, cost, quality, and delivery. Our intent is to establish long-term strategic relationships with our suppliers; therefore, it is incumbent on each supplier to maintain a leadership position in quality, cost, service, the environment and continuous improvement. As part of our core values, we will endeavor to make every effort to manage our supplier relationships with integrity and professionalism.

KEI procures goods and services from over 500 direct suppliers. Approximately 400 of these suppliers are based in Canada, with substantially all of the remainder located in the United States. During the Reporting Period, most of the goods and services we procured were sourced from within Canada and the United States, although some goods were imported by our suppliers from other countries (e.g. Norway, China, Mexico, etc.).

Our supply chains include a diverse range of suppliers that span numerous industries. The majority of our suppliers operate in the Trading Companies and Distributors, Industrial Machinery, and Specialty Chemicals sub-industries; while the majority of KEI's spending with suppliers occurs in the Specialty Chemicals, Industrial Machinery, and Diversified Metals & Mining sub-industries.

4. Policies and Due Diligence Processes in Relation to Forced Labour and Child Labour

KEI has started reviewing its existing policies for forced labour and child labour considerations, and we plan to further embed a due diligence process into our operations that will help us to identify, mitigate, and address forced labour and child labour issues. Having said that, we have already established some policies and processes to encourage ethical business conduct in our operations and supply chains. These include our Code of Conduct Policy, Supplier Code of Conduct, Respectful Workplace Policy, Whistleblower Policy and Purchase Order Terms and Conditions that are outlined below.

4.1 Code of Conduct Policy

KEI's Code of Conduct ("Code") sets out general standards for our workforce and aims to encourage a positive work environment that is free from disrespectful conduct. Non-compliance with our Code may lead to disciplinary action, up to and including termination of employment, which reflects our commitment to upholding these standards.

We intend to strengthen our Code of Conduct Policy going forward to reinforce our dedication to upholding human rights principles and combating the risks of forced labour and child labour.

4.2 Supplier Code of Conduct

During the Reporting Period, KEI implemented a Supplier Code of Conduct ("Supplier Code") which has been made publicly available on our [website](#). We require our suppliers to comply with all relevant employment laws and international labour standards, and to maintain an ethical workplace that supports freedom of expression, association rights, privacy, equal opportunity, and protections against discrimination. We prohibit suppliers from employing underage workers and require them to comply with all child labour laws relevant to their country of operation, while also maintaining accurate records of their employees' ages. Furthermore, we prohibit suppliers from engaging in human trafficking, exploitation, or importing goods that are associated with slavery. Our suppliers should aim to provide a safe work environment in compliance with all environmental, health, and safety regulations. We expect that the facilities used to manufacture or store our products adhere to these standards.

We require suppliers to self-report any breaches of the Supplier Code of Conduct.

Not only are our suppliers required to comply with the policies in the Supplier Code but they are to encourage their own suppliers to adopt it. Suppliers are prohibited from retaliating against workers who, in good faith, report violations, or who seek guidance concerning the Supplier Code. All suppliers and related parties are expected to adhere to it and establish processes for compliance. Failure to do so may result in the termination of contracts.

4.3 Respectful Workplace Policy

KEI's Respectful Workplace Policy is dedicated to implementing the requirements outlined in the Ontario *Human Rights Code* and the *Ontario Health and Safety Act*. This policy articulates our commitment to foster a safe, productive, and healthy workplace, where suppliers, visitors, customers, contractors, and all employees are treated with dignity and equity. KEI manages workplace incidents with respect and timeliness, maintaining confidentiality unless disclosure is required for protection, investigation, or legal reasons.

4.4 Whistleblower Policy

KEI's Whistleblower Policy provides a mechanism for our employees at all levels to report any instances of illegal, unethical, or inappropriate activities without fear of retribution. We encourage our employees to bring such matters to the immediate attention of their direct supervisors; but to the extent they don't feel safe to do so, our Whistleblower Policy provides other options.

When a complaint is received through any of our whistleblower mechanisms regarding illegal, unethical or inappropriate activities, our Human Resources department, together with supervisors, managers, and senior management, carry out an investigation and seek resolution to the matter within a reasonable amount of time. If a complaint is determined to be valid, we determine appropriate means of remediation on a case-by-case basis. Additionally, our Human Resources department maintains a record of all complaints received and actions taken by the company.

4.5 Purchase Order Terms and Conditions

Since early 2024, KEI's Purchase Order Terms and Conditions has incorporated our Supplier Code of Conduct, which expressly states:

"The Supplier shall not engage, actively or passively, nor directly or indirectly in any form of bribery, in any violation of basic human rights of employees or any child labour."

This integration illustrates our commitment and is a part of our ongoing efforts to combat forced labour and child labour within our supply chains.

5. Forced Labour and Child Labour Risks

KEI mapped its operational activities and Tier 1 supply chains during the Reporting Period. In future reporting periods, we intend to perform an inherent risk assessment to determine the parts of our business and supply chains that may carry risks of forced labour and child labour with the intention of implementing processes to manage identified risks.

6. Measures Taken to Remediate Forced Labour or Child Labour

To date, KEI has not identified any instances of forced labour or child labour in its activities or supply chains. Therefore, we have not taken any steps to remediate instances of child labour or forced labour.

We have an existing grievance mechanism as described in section 4.4 to identify adverse impacts, and if adverse impacts are identified in the future, we would consider appropriate means of remediation. If we were to identify suspected or actual occurrence of illegal, unethical or inappropriate events by our suppliers, we are committed to developing and implementing a corrective action plan to improve and remedy the situation.

7. Remediating the Loss of Income to the Most Vulnerable Families

KEI recognizes that efforts to prevent and reduce the risks of forced labour and child labour can have the unintended consequence of contributing to a loss of income for vulnerable families. We are not aware of any instance to date where efforts to mitigate the risk of forced or child labour in our activities and supply chains may have contributed to a loss of income for vulnerable families.

8. Training Provided to Employees on Forced Labour and Child Labour

We acknowledge the importance of enhancing our staff’s ability to identify and understand the risks of forced labour and child labour within our operations and throughout our supply chains. We plan to integrate modules on forced labour and child labour into our existing Code of Conduct training going forward.

9. Assessing Our Effectiveness

KEI has yet to establish a framework for measuring the effectiveness of its forced labour and child labour risk mitigation efforts. We remain committed to developing an approach that will enable us to review the effectiveness of the actions we are taking to assess and address forced labour and child labour risks over time. Our aim is to continually improve our ability to assess and mitigate forced labour and child labour risks across our operations and supply chains in subsequent reporting periods.

10. Attestation Statement

In accordance with the requirements of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, and in particular section 11 thereof, we attest that we have reviewed the information contained in this report for Kuntz Electroplating Inc. Based on our knowledge, and having exercised reasonable diligence, we 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 ended August 3, 2024.

We have the authority to bind Kuntz Electroplating Inc.:

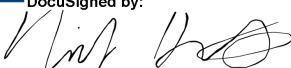
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Mary Kuntz, Director

5/29/2025

Date

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Michael Kuntz, Director

5/29/2025

Date