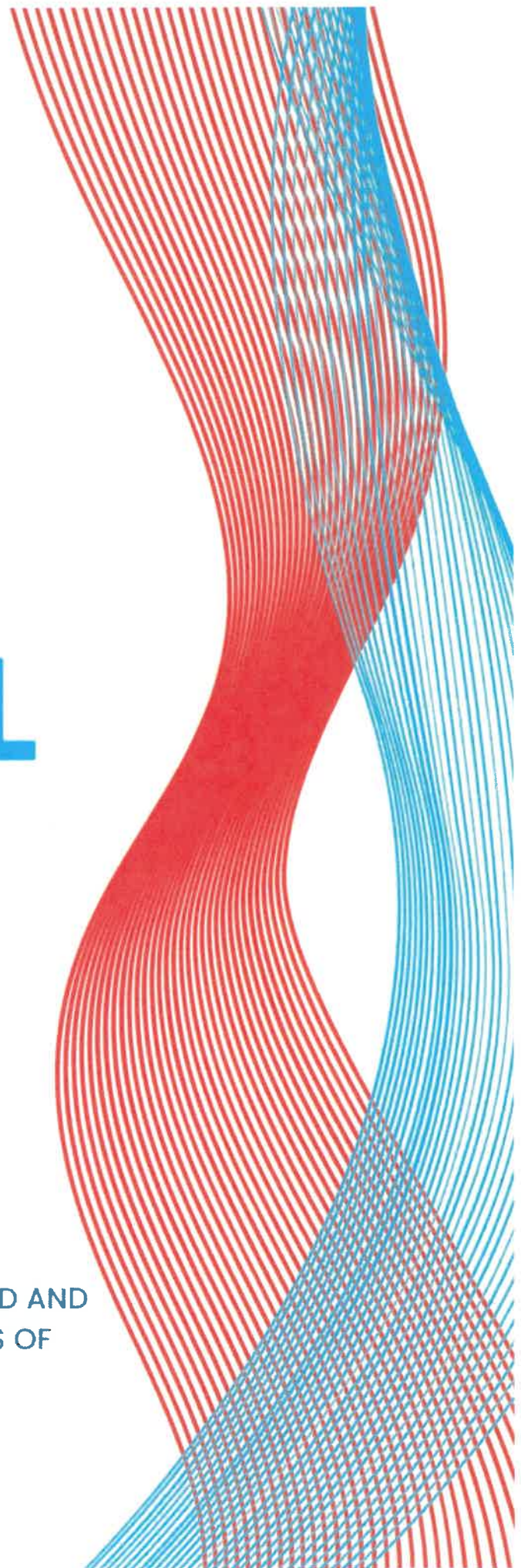




# ANNUAL REPORT 2025

ANNUAL COMPLIANCE REPORT ON FORCED AND  
CHILD LABOUR UNDER THE REQUIREMENTS OF  
CANADIAN LEGISLATIVE BILL S-211



## OPENING STATEMENT

It is with great pride and a deep sense of responsibility that we present this report detailing our commitment and efforts to prevent forced labour within our supply chain. At Advanced Composites Inc. (ACP) we recognize the gravity of the global challenge posed by forced labour and its impact on human rights. Our commitment to ethical business practices extends beyond mere compliance, it is a cornerstone of our identity.

Guided by our mission “to contribute broadly to society through innovation, environmental harmony, and human well-being,” we believe that eradicating forced and child labour from our supply chain is a fundamental expression of our ethical commitment. We achieve this by building strong, collaborative partnerships with our suppliers, creating relationships founded on trust and shared values to safeguard against human rights abuses.

This report outlines the measures we have implemented to identify, assess, and mitigate the risk of forced labour within our supply chain. By embracing transparency, accountability, and collaboration, we aim to set a standard for responsible business conduct that extends beyond regulatory compliance. Our journey to eradicate forced labour is not just a corporate obligation but a moral imperative we embrace wholeheartedly.

As you delve into the pages of this report, we invite you to join us on this journey of continuous improvement and ethical leadership. Thank you for your interest in our commitment to preventing forced labour.

## SCOPE OF REPORT


This report is submitted on behalf of Advanced Composites Inc. (Business Number: 893863217) as a single report and outlines the company's activities for the year beginning January 1, 2025, and ending December 31, 2025. Advanced Composites Inc. is a corporation that is majority owned by Mitsui Chemical Inc., which is based in Tokyo, Japan.

## LEGAL STATUS AND BUSINESS ACTIVITIES IN CANADA

- Advanced Composites Inc. is the only reporting entity in Canada under the legislation found in the Fighting Against Forced Labour and Child Labour in Supply Chains Act Part 2, 11, (2b and 4a). Advanced Composites Inc. acts as the central hub for compliance and oversight for all its operations regarding the import and distribution of goods within Canadian jurisdiction.
- Advanced Composites Inc. is responsible for all shipments into Canada and manages all inbound shipments and factory relationships related to its entities and brands.

## ACTIVITIES OF ADVANCED COMPOSITES INC.

ACP is headquartered in Sidney, Ohio, USA and has been operating for over 40 years. Advanced Composites, Inc. is a leading North American manufacturer of high-performance thermoplastic compounds, primarily serving the automotive industry. The company specializes



in developing and producing proprietary Thermoplastic Olefins (TPOs) and Polypropylene (PP) compounds that act as the raw material for critical vehicle components. Their expertise lies in "material science," where they engineer plastic pellets that meet strict OEM specifications for impact resistance, UV stability, and weight reduction. These materials are used by major automakers to manufacture everything from durable exterior bumpers and fascias to sophisticated interior dashboards and airbag covers, focusing on "mold-in-color" technology to reduce the need for secondary painting processes.

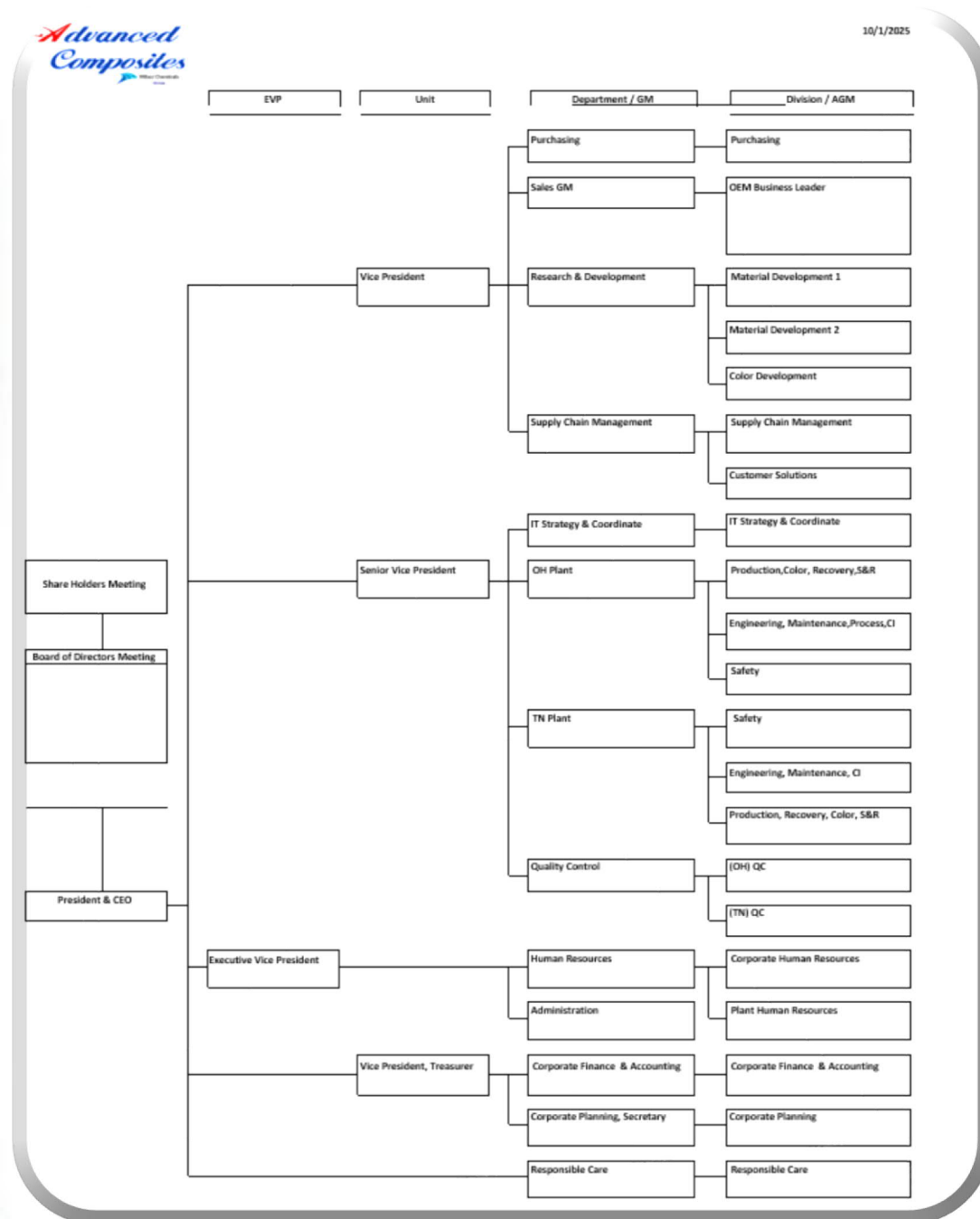
ACP is powered by a diverse and dedicated workforce that embodies our commitment to excellent and ethical business practices. With primary operations in Ohio and Tennessee, our geographic footprint extends to Mexico through our wholly owned subsidiary, Advanced Composites Mexicana S.A. de C.V. Across these locations, we proudly employ approximately 500 people and generate annual Canadian revenues of approximately \$72 million USD.

We are engaged in several different organizations and programs that have allowed us to be better members of our industry and keep our supply chain intact with the utmost in integrity. Below is a list of organizations and programs we are a part of:

- a. ISO (International Organization for Standardization) 9001:2015 -Quality Management Systems
- b. ISO 14001:2015 -Environment Management Systems
- c. ISO 17025: Certification -Engineering
- d. ISO 17025 Certification -Main Plant Operations
- e. ISO 45001:2018 – Occupational Health and Safety
- f. IATF (International Automotive Task Force) 16949:2016 -Automotive Quality Maintenance

## ORGANIZATIONAL STRUCTURE

Below is an organizational chart that shows our corporate structure.



## SUPPLY CHAIN OVERSIGHT AND LABOUR PRACTICES

Our supply chains originate in places all over the world. We source products from several nations. Since our supply chain spans so many different countries and several different legislative programs are in place in these countries, we take a more hands-on approach to how we go about determining whether forced and child labour is being used in our supply chain. The following outlines the steps that we have taken during our previous financial year to prevent and reduce the risk that forced labour and child labour was used at any step of the production of goods imported and sold in Canada.

In 2023, we implemented our internal code of conduct regarding mitigating and eradicating forced labour in our supply chain. This document is titled *Corporate Policy Statement: Child Labour, Modern Slavery and Human Trafficking*. The *Corporate Policy Statement: Child Labour, Modern Slavery and Human Trafficking* was fully distributed to every employee of ACP this last fiscal year for review and attestation by our employees. Most of our products are sourced in countries where forced labour is not a major concern with the United States being the nation where most of our products come from. A copy of our *Corporate Policy Statement: Child Labour, Modern Slavery and Human Trafficking* can be given upon request.

ACP regularly reviews the United States Bureau of International Labour Affairs (ILAB) "List of Goods Produced by Child Labor or Forced Labor," cross-referencing it against our production inputs. If any input appears on this list, we will initiate a thorough investigation directly into the supplier to verify that forced labour is not being used in their production process.

In 2025, we began work on incorporating our *Supplier Code of Conduct Agreement*. We adopted the Electronic Industry Citizenship Coalition (EICC) Code of Conduct as the guiding model for our official *Supplier Code of Conduct*, which establishes rigorous standards in five key areas: Labour, Health & Safety, Environment, Ethics, and Management Systems. Adherence to this code is mandatory for all suppliers, and compliance is a critical factor in the company's decisions to award or renew business, reflecting a zero-tolerance policy towards human trafficking and slavery.

To enforce these standards, ACP employs a multi-faceted verification program. This includes annual risk assessments of the supply chain using international data to identify high-risk areas. The company conducts both independent third-party audits and internal spot checks to verify supplier conformance. Additionally, suppliers must certify their compliance through self-assessment questionnaires and formally acknowledge the *Supplier Code of Conduct*, which is a standard part of their contracts. The company also ensures its own supply chain management team is thoroughly trained in these policies to effectively monitor and uphold these standards. A copy of our *Supplier Code of Conduct* can be given upon request.

## REMEDIAL MEASURES FOR THE LOSS OF INCOME TO THE MOST VULNERABLE FAMILIES

To date, no instances of forced or child labour have been observed or identified within our supply chain. As a result, no remedial actions have been required or implemented.

At present, we do not have a formal remediation plan in place to address potential loss of income for vulnerable individuals or families should forced labour be identified.

## REGULAR REVIEW AND POLICY UPDATE

We are committed to the continuous improvement of our ethical framework. Accordingly, we will regularly assess our remediation strategies and policies to confirm their effectiveness and alignment with the needs of the communities we impact. This commitment involves periodically updating key documents, including our *Supplier Code of Conduct* and the *Corporate Policy Statement on Child Labour, Modern Slavery and Human Trafficking*. Also, we are reviewing other electronic supply chain monitoring tools and third-party consulting services to give us a better grasp of what we can do to combat forced labour.

## TRAINING PROVIDED TO EMPLOYEES ON FORCED LABOUR AND CHILD LABOUR

Our *Corporate Policy Statement: Child Labour, Modern Slavery and Human Trafficking* outlines our values on ethical sourcing and human rights. Following its development, we launched targeted training for our supply chain teams and executive leadership on supplier onboarding and compliance with Bill S-211. As a foundational requirement, all relevant personnel, including all segment and product managers, were required to review and attest to this policy statement.

## ASSESSING THE EFFECTIVENESS OF OUR PLAN IN FIGHTING FORCED AND CHILD LABOUR

We have conducted a review to evaluate the effectiveness of our current measures against forced and child labour in our operations and supply chains. As a direct result, we developed a *Supplier Code of Conduct attestation* and a comprehensive questionnaire. As previously stated, this program was launched in 2025 and is required for all new and existing vendors to ensure their compliance.

## CLOSING STATEMENT

At Advanced Composites Inc., we remain steadfast in our commitment to ethical sourcing and supply chain integrity. Through rigorous monitoring, supplier engagement, and continuous improvement initiatives, we have implemented robust measures to prevent the scourge of forced labour from infiltrating our supply chain.

As detailed in this report, our efforts encompass comprehensive supplier vetting processes, ongoing audits, and partnerships with credible third-party organizations to ensure compliance with internationally recognized labour standards. Furthermore, we recognize the importance of transparency and accountability, which is why we are dedicated to openly sharing our progress and challenges in combating forced labour.

While we are proud of the strides we have made, we acknowledge that eradicating forced labour requires sustained vigilance and collaboration across industries and borders. We remain committed to this cause and will continue to work tirelessly to uphold the dignity and rights of all workers throughout our supply chain.

## 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 the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I 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 listed above.*

Full name: Hiroki Mitsunuma

Title: Executive Vice President

Date: 5/26/2026

Signature: 

*I have the authority to legally bind 'Advanced Composites Inc.'*