

# MOTION INDUSTRIES (CANADA), INC.

## FIGHTING AGAINST FORCED LABOUR AND CHILD LABOUR IN SUPPLY CHAINS

Report on measures taken by Motion to prevent and reduce the risk of forced labour and child labour in its supply chain during its fiscal year 2023.



### VISION

Continually earn our place as the premier industrial solutions company by:

- Providing the preferred customer experience
- Energizing our talent
- Delivering stakeholder value

### CORE VALUES

- Fair
- Ethical
- Inclusive
- Invested



## INTRODUCTION

This report is produced by Motion Industries (Canada), Inc (or “Motion”, the “Company,” “our” or “we”) in accordance with subsection 11(1) of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “Act”). This report describes the measures taken during our previous fiscal year ended December 31, 2023, to prevent and reduce the risk of forced labour or child labour being used at any stage of the production of goods in Canada or elsewhere, or when goods are imported into Canada by the Company.

This is the first report prepared by the Company under this Act. Motion is not subject to reporting requirements under supply chain legislation in any other jurisdictions.

### 1. Motion Industries

#### Origin and Structure

Motion, a downstream subsidiary of Genuine Parts Company (“GPC”), is the Canadian subsidiary of a North American company founded in 1946 that distributes industrial parts, services and technology solutions to meet specific needs of maintenance, repair, and operation replacement parts (MRO) original equipment manufacturer (OEM) market customers. The Company offers customers access to over 19 million SKUs across many brands.

The Company’s North American headquarters is in Birmingham, Alabama, and our workforce comprises 9,439 employees across Canada, Mexico and the United States (2023). Motion’s Canada Group office is based in Burnaby, British Columbia. The Canada Group includes 951 employees (2023).

#### Parent Company

Motion’s ultimate parent company, GPC, is based in Atlanta, Georgia.

Studies and analyses relating to the risk of forced labour and child labour were carried out by GPC for the purposes of this report.



## Our Divisions

Our division and business group operations serve the industrial parts market.

Division	Brands
<p><b>Motion Industries (MiMotion)</b> represents Motion’s traditional branch sales network and supporting distribution centers located across North America and is the overarching brand associated with our solutions brands as follows:</p> <p><b>Motion Automation Intelligence (Motion Ai)</b> provides industrial automation solutions and turnkey engineered control systems. Focus areas include robotics, Motion control, networking and IIoT, custom engineering and more.</p> <p><b>Motion Conveyance Solutions</b> offers fluid conveyance and critical moving parts through conveyor belting, hoses, gaskets, seals, custom polyurethane and field services.</p> <p><b>Hydraulic Supply Company (HSC)</b> specializes in the repair, reconditioning and overhaul of hydraulic components including cylinders, motors, pumps, valves and power units.</p> <p><b>Motion Repair and Services</b> provides timely, reliable service and repair for mechanical, fluid power, process pumps and packaged solutions.</p> <p><b>AST</b> is a leading supplier of precision bearings and bearing-related products across a large spectrum of customers—primarily OEMs and major distributors. As a part of AST, Shuster offers power transmission and filtration products in addition to bearings.</p>	     

## 2. Activities

Motion’s operations have an extensive distribution and branch sales network across Canada. A description of Motion’s divisions and brands is set out above.

## 3. Our Supply Chain

Our supply chain directly includes suppliers of component parts for machinery and equipment applications in manufacturing, mining, construction, metals production and fabrication, food processing, lumber and wood, oil and gas, chemicals, rubber and plastics, and packaging and package handling.

**Motion.com**

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#### **4. Supply Chain Risk Assessment**

For Motion, the risk of sourcing products that involve the use of forced labour or child increases when Motion purchases products or raw materials from international suppliers that may be located in areas considered to be high risk. As Motion sources the majority of products sold in North America from North American suppliers, the “high risk” sourcing regions account for less than 2% of Motion purchases.

Our import suppliers are reviewed and approved by our parent company, GPC’s Shenzhen teams following standard policies, procedures and audit protocol with regard to product quality and social aspects (see 5c below). The team determines which areas are considered high risk and utilize mapping of areas at risk of forced and child labour to assist in identification and ongoing management. Frequently updated resources from recognized international and local governing bodies in concert with strict policies regarding the establishment and use of suppliers are in effect to support compliance.

We are also aware of the risk associated with the international carriers used in our operations. While we may use intermediaries that coordinate international transport, the marine transportation companies used have a code of conduct covering the actions they take to fight forced and child labour.

#### **5. Due Diligence Policies and Processes**

GPC and Motion have adopted organizational and governance policies through which they communicate their values and expectations. The GPC policies apply to GPC and all GPC subsidiaries, including Motion. The GPC and Motion policies set a high bar for the organization, our suppliers and our selling partners, and make it clear that we do not tolerate any forms of forced labour or child labour. GPC and Motion are committed to consistently evolving and improving our approach. We make every effort, including through carrying our due diligence and audits to monitor the performance of our suppliers, to prevent our activities having a negative impact on human rights. Our relevant policies are discussed in further detail below:

##### **a. GPC’s Code of Conduct**

The principles found in GPC’s Code of conduct apply to the Board of Directors and all GPC employees, including all employees in all locations, as well as consultants, agents, vendors, suppliers, distributors and business partners (“third parties”). All are expected to follow the spirit and related obligations of the Code of Conduct. The purpose of this Code of Conduct is to guide and encourage all employees to make ethical decisions. It provides content such as decision-making tools, overviews of important topics, examples of integrity at work and guidelines to know what to do when witnessing or experiencing a bad situation or misconduct.

This Code of Conduct includes a section on human rights violations, including forced labour and illegal child labour. There is also a section on GPC whistleblower hotline for anonymously reporting potential breaches of the Code of Conduct.

##### **b. Social Responsibility Standards and Policy**

GPC’s approach seeks to understand how its activities and those of its business partners may impact its stakeholders (customers, employees, suppliers, people involved in the supply chain, local communities and society as a whole) either negatively or positively.

The Social Responsibility Standards and Policy is a document that underscores GPC’s high standards and expectations. It provides a clear statement of GPC’s expectations and requirements concerning the assessment of its suppliers, the expectations for suppliers, as well as the consequences of non-compliance. The Social



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Responsibility Standards and Policy requires that suppliers meet certain social standards relating to, among other things, forced labour/prison labour, child labour and compliance with law.

#### **c. Human Rights Policy**

GPC is committed to respecting human rights and to respect the fundamental principles of human rights, as defined by the Universal Declaration of Human Rights. GPC's Human Rights Policy sets out GPC's commitment to ending human rights abuses in every aspect of its business.

GPC does not and will not tolerate child labour, forced labour or human trafficking, and GPC does not purchase parts or services from or maintain relationships with companies that do. Its Human Rights Policy is aligned with the Universal Declaration of Human Rights, and GPC expects its suppliers, partners and affiliates to respect these rights. Selecting suppliers who share the same values is essential.

Under the Human Rights Policy, GPC takes affirmative steps to ensure that its vendors, suppliers and service providers are compliant with all applicable laws and with GPC's standards regarding human rights and equality. Where national law and international human rights standards differ, GPC follows the higher standard.

#### **d. Supplier Code of Conduct**

GPC is committed to excellence, ethics and responsible conduct in its operations and requires our suppliers to adhere to the Supplier Code of Conduct. By adhering to it, the supplier undertakes to comply with the provisions set out therein, two of which deal with staunch opposition to forced labour and child labour. The Supplier Code of Conduct also requires compliance by our suppliers' subcontractors.

#### **e. Supplier Sourcing and Selection**

We expect any party with which we work to adhere to business principles and values similar to our own and comply with all applicable laws and regulations. Before making any commitments towards suppliers, we take steps to appropriately evaluate the relationship and mitigate any associated risks by carrying out risk-based due diligence and checks. In addition to risk mapping, our experienced teams use government resources to obtain relevant information about potential suppliers.

After gathering this information, and before deciding to enter into a business relationship, GPC carries out a full audit process for international direct supplier prospects located in geographic areas at high risk of forced labour and child labour.

The audit process includes a full quality assurance audit and a social audit to assess suppliers' compliance with GPC's Social Responsibility Standards and Policy. It may also include onsite surveys conducted by GPC personnel.

- Quality audit

The quality audit ensures that suppliers comply with our strict quality standards.

- Social audit

The social audit is carried out by recognized external auditing agencies and is based on the SA8000® social certification standard. SA8000® is the international certification standard for factories and companies worldwide. It



enables organizations to demonstrate their commitment to developing, maintaining and adopting fair labour practices. This independent standard is considered the most universally accepted in the workplace.

In addition to setting global labour standards, SA8000 also includes the International Labour Organization conventions, the United Nations Convention on the Rights of the Child and the Universal Declaration of Human Rights.

A thorough audit report is provided by the audit firm to the supplier and GPC, including a recommended corrective action plan, if needed. A follow-up audit is performed to confirm that appropriate corrective measures were taken by the supplier, identifying an appropriate remedy for any workers harmed by the suppliers' practices, where applicable.

#### **f. Assessment of the Effectiveness of Prevention and Reduction of the Risks of Forced Labour and Child Labour in Our Activities and Supply Chain**

GPC's audit process is ongoing and is updated regularly to ensure our suppliers meet our high social and human rights standards as set out in our policies described above. We are also committed to continually identifying, assessing, preventing, mitigating and remedying the human rights impacts associated with our business.

To determine our effectiveness in preventing forced labour or child labour in our supply chain, we hire external certification organizations to conduct monitoring audits of our suppliers' practices. The GPC team may also conduct site visits where warranted.

These checks are carried out regularly, and suppliers are informed of the results. If corrective action is required by suppliers, we expect it to be taken as soon as possible. In the event of non-compliance with our policies or refusal to take corrective action to comply therewith, we reserve the right to terminate the business relationship.

In 2023, GPC released its report on its commitments to corporate sustainability in terms of actions taken with respect to environmental, social and governance (ESG) initiatives. This report includes details of our efforts with respect to the prevention of forced labour and child labour. It is available on its website <https://www.genpt.com/sustainability>.

## **6. Remedial Measures and Employee Training**

### **a. Measures Taken to Remediate Forced Labour and Child Labour**

During our 2023 fiscal year, we did not have to take any measures to remedy the use of forced labour or child labour, or measures to remedy actions that caused loss of income for the most vulnerable families.

### **b. Employee Training**

When hired, all Motion employees, whatever their reporting level, are required to undergo a series of training courses that include training with respect to the GPC Code of Conduct.

Employees receive an attestation that they have read the Code of Conduct and that they also understand the responsibilities incumbent upon them. The attestation is updated every two years, and the employee must redo the training.

This shows how important it is for GPC and Motion to promote and pass on human values to their staff, upon hiring and over the long term.



### c. Legal Advice

To better understand the issues associated with forced labour and child labour, and to ensure legal compliance with the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, we conferred with legal counsel, as needed.

### **CONCLUSION**

Motion and GPC are very concerned about the impact of our business practices and social responsibility. We are staunchly opposed to forced labour and child labour, to any action contrary to respect for human rights. Our commitment is demonstrated in the due diligence, policies and standards we have established. To this end, we continually assess and improve upon our training and policies, and assess the effectiveness of our actions, as appropriate, in order to continue our efforts in the prevention and reduction of the risk of forced labour and child labour in our supply chain.

### **ATTESTATION AND APPROVALS**

This Report was approved by the Board of Directors of Motion, pursuant to subparagraph 11(4)(a) of the Act.

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 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.

I make the above statement in my capacity and on behalf of the Board of Directors.

A handwritten signature in black ink, appearing to read "R. Breaux", written over a horizontal line.

Full name: Randall P. Breaux

Title: Chairman

Date: May 15, 2024

I have the authority to bind Motion Industries (Canada), Inc.