



Kore Outdoor Ltd.
Forced labour in Canadian supply chains
2023 Annual Report

Our business

Kore Outdoor is based in North America and we are the largest manufacturer of paintballs and paintball gear in the world. With origins that date back to the 1980's when paintball first began.

Kore is an agglomeration of some of the most prominent brands in paintball together in one company spread out over 11 locations in four countries. Our company consists of 250 full-time employees worldwide, producing billions of paintballs annually and are famously known for our popular brands: Tippmann, Empire, JT, G.I Sportz, Spyder, Vforce and more. Kore supplies fields and stores worldwide further supporting the industry through the sponsorship of professional tournament teams, scenario and big game events and many local charities.

Kore Outdoor Ltd. manufactures and distributes paintballs, markers and related accessories servicing a worldwide customer base of paintball fields and stores. Kore is recognized as a global leader in the manufacturing of high-quality paintball products which are marketed to individuals at all levels of play, from entry level to competitive play market segments.

Kore sells its manufactured finished goods in North America as well as exports to overseas markets. A large portion of Kore's business model relies on distribution of finished goods to big box retailers through long term supply contracts.

Kore's supply chain is comprised of internal manufactured products and externally supplied products. Kore strives to manufacture the bulk of its saleable inventory itself or in North America; with sourcing of raw materials for this manufacturing process from reputable suppliers (i.e. publicly listed companies). Non-North American manufactured products are imported primarily overseas from large manufacturing groups. These products are broken down into two groups: 1) finished goods; and 2) unfinished goods that are transformed in North America.

The main suppliers provide a wide range of goods and services, including the following:

- Chemicals;
- Machined parts;
- Machined finished goods;
- Finished soft goods, including clothing
- Finished safety equipment; and
- Safety equipment parts.

Kore strives to insource and reshore as much of the manufacturing of its saleable goods as commercially practicable in order to maintain a higher degree of control over its supply chain.



Steps to prevent and reduce risk

Kore's risk management process has been tailored to the segment of the supply chain. Kore's internal groups work with each other in the establishment of policies and processes for the prevention of forced labour or child labour in its supply chains.

For all supply chains, Kore has implemented and rolled out a Supplier Code of Conduct that has been provided to Kore's suppliers. In addition to this, the following actions have been taken on various areas of the supply chain.

Kore is undertaking a supply chain mapping process of Tier 1 supplies to identify the risk level based on product, location, and supplier. This mapping process will enable Kore to focus its resources and attention to the high-risk suppliers.

For Kore's North American manufacturing operations, it has instituted a strict hiring process to ensure that no forced or underaged labour is present in its business operations. This process is overseen by the Human Resources group. Since the bulk of Kore's products are manufactured in North America, this process addresses the majority of areas requiring compliance with the Act.

For raw materials used in the North American manufacturing process, Kore relies on purchasing from reputable suppliers (i.e.. publicly listed companies) who have instituted public policies and process aimed at meeting the requirements of the Act in the products they supply.

For overseas manufacturers, Kore has undertaken a supply chain mapping process to help it target the highest risk areas for non-compliance with the Act in Kore's key overseas supply chain. In addition to this on-going process, Kore Outdoor employs an on-site production auditor for its ASEAN-based manufacturers who routinely meets with and audits the facilities of the manufacturers. The goal of this process is to ensure that supply chain manufacturers are complying with all applicable legal requirements in the manufacturing process. Kore continues to seek out additional information from its overseas manufacturing partners on ways to further address issues covered by the Act.

Kore has implemented a sensitization process through its existing Employee Handbook, that specifically details how Kore does not condone the use of child or forced labour. This process is intended to ensure that all employees are voluntarily recruited.

Policies and Processes

Kore has instituted several internal and external policies and processes to ensure that its supply chains are free of forced labour or child labour. These policies include, without limitation, the Supplier Code of Conduct, the Employee Handbook, the Employee Training process and the Supplier Procurement process.

Each of these processes and policies are periodically reviewed and adjusted based upon any findings or concerns raised by internal or external stakeholders.



The internal processes are subject to continued review by internal stakeholders and business units and relies on the combined work of various business units (including Procurement, Finance, Legal, Human Resources and Operations). This cross-function approach helps ensure that these processes adhere to Kore's values and commitment to eliminating forced labour and child labour.

Due Diligence Processus

Kore undertakes several due diligence processes across its supply chains in order to ensure that they continue to meet Kore's commitments to fighting forced labour and child labour. The following steps have been taken by Kore in order to help assess risks in our supply chain:

- Standard supplier contracts used for the procurement of goods and services, where possible, that complies with all applicable laws.
- For its non-North American manufactured goods, Kore has hired an on-site (overseas) manufacturing auditor who visits and audits overseas manufacturing facilities.
- For its North-American manufacturing, Kore has mandated the Human Resources department to oversee all hiring processes, the Procurement department oversees purchases and Operations oversees manufacturing. This cross-functional approach ensures multiple levels of review on any part of the supply chain.
- Kore's supply agreements with retailers ensure transparency of the supply chain (many of which require disclosure of labour related risks).

Assessing and Managing Risk

Kore has implemented certain processes in order to assess the effectiveness of the Kore commitment to eliminating forced labour and child labour in its supply chains. These processes include, without limitation, the following:

- Supply chain mapping of Tier 1 suppliers to identify the high-risk suppliers by product, category, geographical location and type. This mapping will enable Kore to allocate its resources to the highest level risk areas.
- Kore works with its suppliers during the contracting process to ensure that they comply with all applicable laws in the performance of their services and delivery of their goods. These discussions are performed during the contractual renewal process. In addition, periodic audits by an on-site employee (overseas) helps to ensure compliance with Kore's requirements.
- Kore dedicates a significant amount of time to employee training for its business. In order to further help with its commitment to eliminating forced labour and child labour, Kore will be implementing further training on labour practices to employees involved in the purchasing of products as well as in the Human Resources department.

We believe that the highest risk of labour use that contravene the Act is highest in a specific subset of the tier two and tier three suppliers for textile products and goods. Goods manufactured overseas by tier one manufacturers are being periodically audited by Kore. We continue to engage with our tier one suppliers to gather additional information on their supply



chain and will continue to seek clarification on their sourcing's compliance with the Act. Once the supply chain mapping is completed for Tier 1 suppliers, Kore will assess Tier 2 and Tier 3 suppliers in its supply chain.

Kore believes that it has reduced the potential risks in the use of labour that contravenes the Act by choosing to manufacture products in North America, as well as by addressing manufacturing compliance with its tier one supplier partners. Kore continues to address gaps in its process to remain in compliance with the Act.



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.

I have the authority to bind Kore Outdoor Ltd.

William Ceranski
Name

CEO
Title


Signature

May 30, 2024
Date