



Fighting Forced Labour and Child Labour

**Steps Taken by
NFI Group Inc. and
Certain Subsidiaries in
2024**

NFI GROUP FORCED LABOUR

INTRODUCTION

In accordance with Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "Canadian Act") this report is made on behalf of our Canadian reporting entities listed under the heading "Structure and Activities", which are all subsidiaries/ companies of NFI Group and the report also describes the steps undertaken by NFI Group Inc. and its subsidiaries in the financial year ended December 31, 2024, to prevent and reduce the risk that Forced Labour or Child Labour¹ is used in our operations and supply chains, within Canada, US and abroad. This report covers NFI Group Inc. and all its subsidiaries. Hereafter, "NFI Group" will refer to NFI Group Inc. and its subsidiaries operating globally. NFI subsidiary Alexander Dennis Limited has a separate report in response to the UK Modern Slavery Act (2015) and they are not included in this report.

NFI Group is committed to respecting the human rights and dignity of individuals within our operations, supply chain, and communities in which we do business. We align our approach with the UN Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines for Multinational Enterprises to identify, cease, prevent, mitigate and remediate human rights risk and impacts. NFI Group acknowledges that the global nature of our supply chain poses potential heightened risks of Forced Labour and Child Labour. We are committed to risk-based due diligence and taking proactive actions to reduce risk, and if identified, remove or otherwise address Forced Labour or Child Labour in any form in our supply chains.

In accordance with the requirements of the Canadian Act, I confirm that the board of directors of NFI Group Inc. (the "Board") has reviewed and approved this report, pursuant to subparagraph 11(4)(b)(ii) of the Canadian Act.

I have the authority to bind the corporation.



Colin Robertson
Chair of the Board of Directors
NFI Group Inc.

May 12, 2025



¹ In this report, such terms are defined as they are in the Canadian Act.

STEPS TAKEN TO PREVENT AND REDUCE RISKS OF FORCED LABOUR AND CHILD LABOUR

NFI Group took the following steps to prevent and reduce risks of Forced Labour and Child Labour in our operations and supply chain in 2024.

Supply Chain Due Diligence Policy

NFI Group has created and launched a new Supply Chain Due Diligence Policy. This Policy applies to all NFI Group personnel who work directly with suppliers of goods or services, and was created to ensure suppliers of conflict minerals, suppliers of critical minerals, and suppliers operating in, or supplying goods from geographical areas with heightened risk, are held to NFI's standards for human rights, environment, anti-corruption, and ethics as defined in the Supplier Code of Conduct. The Policy tasks responsible employees with requesting information to complete the newly created Supplier Assessment Questionnaire (SAQ) to identify areas of inherent risk. High risk suppliers are asked to provide additional details about their operations, such as the critical minerals used in their products, areas from which the minerals originated, and the names and locations of the smelters of these materials. Should any risks be identified, suppliers are asked to agree to and implement an action plan – failure to do so may result in business with NFI being suspended. Shortly after launching this Policy and SAQ, NFI initiated the process with its top 20 suppliers. More on this policy and related SAQ can be found under the heading Risk Assessment and Due Diligence Process

Supplier Code of Conduct

The NFI Group Supplier Code of Conduct has been updated to enhance supplier responsibilities, and to ensure compliance with the Supply Chain Due Diligence Policy. Under the new guidelines, NFI Suppliers are now required to participate in regular reviews of their social, environmental, and governance policies and practices, as well as continuously assess their supply chain risks. We have added provisions to protect the freedom of association and to recognize pregnant mothers as a vulnerable group. Additionally, the updated Code includes new requirements for Greenhouse Gas & Other Air Emissions, Hazardous Substances & Material Restrictions, Circular Economy, Continuous Improvement & Responsible Stewardship, along with additional supplier acknowledgment provisions.

The revised Supplier Code of Conduct was disseminated to our suppliers with the requirement that they sign the document, agreeing to conduct their business within the requirements of the Code, and to flow down our Supplier Code of Conduct or equivalent requirements to their own suppliers. Employees responsible for sourcing, purchasing decisions and new product development were required to attend the mandatory training on the Supplier Code of Conduct.

Geographical Risks

A new tool to identify high risk areas was developed through the assistance of a 3rd party consultant. This tool enables NFI to quickly gauge a country's human rights risk rating through the assessment of the country's adherence to local laws, the occurrence of corruption and bribery, documented practice of modern slavery or child labour, the level of income inequality, health and safety practices, as well as how the country approaches social aspects such as gender equality and sexual orientation. More information on activities related to Geographical Risk can be found under the header Forced Labour and Child Labour Risks below.

Training

NFI provides training related to regulatory and legal requirements, internal policies and codes, and requirements of employees in support of responsible sourcing. In 2024 a standardized global training

program was created for all employees who make purchasing or sourcing decisions. This training program is comprised of 3 separate modules and encompasses an in-depth exploration of forced and child labour, how critical and conflict minerals are used within our supply chain, NFI's obligations under various legislations, such as the Canadian Forced Labour Act in Supply Chains and the UK Modern Slavery Act, and the obligations which exist under the NFI Code of Conduct and Supply Chain Due Diligence policies. The first of these training modules was released in late 2024, with the remaining 2 to be released in early 2025.

STRUCTURE & ACTIVITIES

Headquartered in Winnipeg, Manitoba, NFI Group Inc. is a publicly traded holding company, which, together with its subsidiaries, is a leading independent bus and coach manufacturer and a leader in electric mass mobility solutions. NFI Group's offerings include zero-emission vehicles, vehicles with conventional propulsion systems, charging infrastructure and installation, telematics, vehicle financing, and full parts and service aftermarket support. As at the end of 2024, NFI Group employed over 7,000 people in North America with just over 3100 residing within Canada.

Principal operating subsidiaries of NFI Group included in this report are described below:²



New Flyer Industries Canada ULC
New Flyer of America Inc.

New Flyer is North America's heavy-duty transit bus leader. Its offerings include manufacturing new Xcelsior® and Xcelsior CHARGE® buses in Canada and the United States; infrastructure development in North America through NFI Infrastructure Solutions™; and workforce development through NFI Group's Vehicle Innovation Center.



Motor Coach Industries International, Inc.
Motor Coach Industries, Inc.
MCI Sales and Service, Inc.
Motor Coach Industries Limited

Motor Coach Industries (MCI) is North America's public and private market motor coach leader. Products include the luxury J Series and commuter D Series. MCI manufactures coaches both in Canada and the United States. MCI also provides maintenance, repair, 24-hour roadside assistance, parts, and technician training through the industry's only Automotive Service Excellence ("ASE") accredited and award-winning MCI Academy.



ARBOC Specialty Vehicles, LLC

ARBOC is North America's low-floor, body-on-chassis ("cutaway") bus leader, manufacturing cutaway and medium-duty buses. All ARBOC manufacturing takes place in the United States.

² In addition to the subsidiaries mentioned above, the NFI Group includes the following holding subsidiaries: New Flyer Holdings, Inc.; Transit Holdings, Inc.; 1176846 Alberta ULC; New MCI Holdings, Inc.; MCII Holdings, Inc.; MCIL Holdings, Ltd.; Frank Fair Industries Ltd.; New Flyer Holdings Canada Inc.; NFI Holdings Canada Inc.; NFI International Limited.

For more information on NFI Group subsidiaries and locations, please visit [our webpage](#).

KMG

KMG Fabrication, Inc.

KMG is NFI Group's wholly owned part fabrication facility located in Shepherdsville, Kentucky. KMG produces parts for the manufacture of New Flyer and MCI vehicles, and for NFI Parts' aftermarket business.



Carfair Composites USA, Inc.
Carfair Composites Inc.

Carfair is NFI Group's wholly owned fibreglass part manufacturing company with manufacturing operations taking place both within Canada and the United States. It produces engineered composite parts for the manufacture of New Flyer and MCI vehicles, and for NFI Parts' aftermarket business.

nfi.parts®

The Aftermarket Parts Company, LLC

NFI Parts™ is North America's most comprehensive parts organization providing aftermarket parts distribution, technical publications, training, and support for buses and motor coaches. It sells replacement parts for New Flyer, MCI, Alexander Dennis, ARBOC, NABI and Orion vehicles. NFI Parts operates across North America.

The Reliable Insurance Company Limited

The Reliable Insurance Company Limited

The Reliable Insurance Company Limited is NFI Group's wholly owned captive insurance company. Headquartered in Bermuda, it underwrites certain insurance policies for NFI Group companies, including those located in Canada.

SUPPLY CHAINS

Overview

NFI Group has a global supply chain which consists of third-party raw material and component suppliers, as well as service providers who support our operations. Additionally, NFI Group has two wholly owned parts fabrication facilities which support our manufacturing and aftermarket businesses.

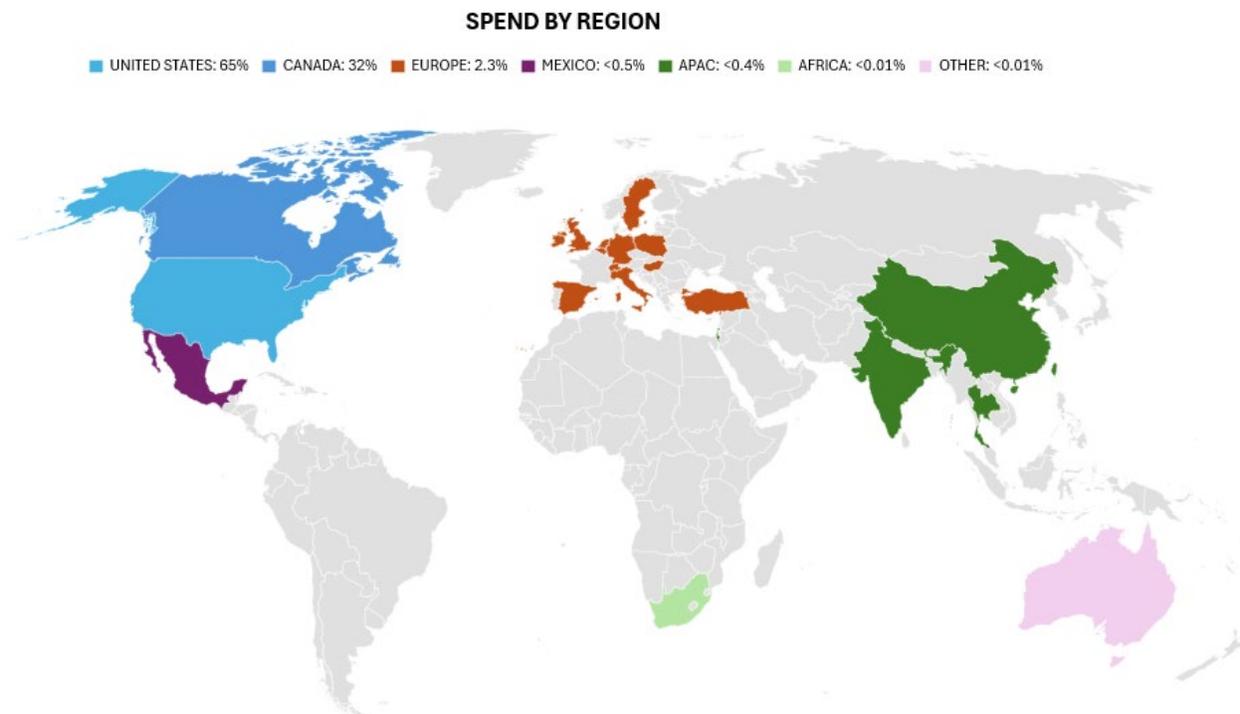
Materials and Components Purchased

Raw materials and components purchased by NFI Group from suppliers include the following:

Type	Examples	Spend Portion
Drivetrain	Engines, Transmissions, Axles, Articulated Components	28%
Body Rubber Composites	Fiberglass parts, Windows, Seats, Doors	24%
Vehicle Systems	HVAC, Telematics, Destination signs, Cameras	13%
Electric Bus and Infrastructure	High voltage batteries, Inverters, Electric motors, Chargers	12%
Metals	Raw material, Fabricated structural parts, Wheels	10%
Electrical	Wire harnesses, High voltage cables, Lighting	9%
MRO	Paints, Lubricants, Adhesives, Hardware	4%

Tier 1 Suppliers Spend by Region

In 2024, NFI Group had over 7,400 Tier 1 Suppliers and service providers with the majority located in Canada and the United States.



POLICIES AND DUE DILIGENCE PROCESSES

Policies

NFI Group has embedded responsible business conduct into many of the policies and codes. The following documents demonstrate our commitment to responsible and ethical business practices, our position on human rights, and the standards which we hold our suppliers to.

- Code of Business Conduct and Ethics
- Human Rights Statement
- Anti-Corruption Policy
- Whistleblower Policy
- Supply Chain Due Diligence Policy and related processes
- Conflict and Critical Minerals Policy
- Our policy with respect to the *California Transparency in Supply Chains Act*
- Supplier Code of Conduct

These policies and codes can be found at nfigroup.com/esg/documents-charters.

Code of Business Conduct and Ethics

NFI Code of Business Conduct and Ethics prescribes the minimum moral and ethical standards of conduct required of all employees. This code is the foundation for subsequent policies and procedures associated with responsible sourcing. NFI Code of Business Conduct mandates that all activities are conducted with the highest standards of fairness, honesty, and integrity. We strictly prohibit the use of forced, bonded, or child labor and are dedicated to maintaining a transparent and ethical supply chain. We also ensure that all business transactions are properly authorized and documented, maintaining complete and accurate records. Our policies and practices are designed to prevent human rights violations and promote responsible business conduct, reflecting our commitment to respecting and protecting the human rights and dignity of individuals within our operations and the communities in which we do business. This proactive approach not only strengthens our commitment to responsible sourcing but also ensures that our supply chain aligns with our ethical standards and values.

Human Rights Statement

NFI Group is committed to respecting and protecting the human rights and dignity of individuals within our operations, supply chain, and the communities in which we do business. Our Human Rights Statement, informed by international principles such as the UN Guiding Principles on Business and Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, outlines expectations respecting the human rights and dignity of individuals within our operations, supply chain, and communities in which we do business. We focus on labor and employment practices, ensuring fair wages, safe working conditions, and a workplace free of harassment and discrimination. We prohibit forced, bonded, trafficked, and child labor, and promote diversity and inclusion. We also recognize the freedom of workers to associate with labor unions and collectively bargain. Our commitment extends to our suppliers, who are expected to uphold these standards within their operations and supply chains. We continuously strive to improve our human rights practices through due diligence, training, and stakeholder engagement, ensuring that we address and remedy any adverse human rights impacts.

Anti-Corruption Policy

NFI's Anti-Corruption Policy represents mandatory requirements of the Company that all employees must conduct themselves with the highest standards of fairness, honesty, integrity, and in compliance with all legal and regulatory requirements and corporate policies. These requirements are cascaded to our suppliers through the Supplier Code of Conduct.

Whistleblower Policy

NFI's Whistleblower Policy establishes the process for reporting internally any breaches or suspected breaches of the law, the Code of Business Conduct and Ethics, and/or corporate policies and procedures by employees. The requirements of this Policy are extended to our suppliers through the Supplier Code of Conduct.

Conflict and Critical Minerals Policy

NFI Group's Conflict and Critical Minerals Policy demonstrates our commitment to ethical sourcing and human rights. We recognize the importance of conducting due diligence to ensure that conflict minerals, such as tantalum, tin, gold, and tungsten, do not finance armed groups in conflict regions. Additionally, we are dedicated to eliminating critical minerals, including cobalt, nickel, lithium, and graphite, from our supply chain if they are sourced without consideration for environmental impact or human rights. Our policy aligns with OECD guidelines and the Dodd-Frank Act, requiring suppliers to provide transparent information about their supply chains. We collaborate on industry-wide initiatives to support conflict-free products and commit to annual public reporting on our progress. This policy reinforces our dedication to responsible mineral sourcing and upholding the highest standards of ethical business practices.

Our Policy with respect to the California Transparency in Supply Chains Act

Our policy with respect to the California Transparency in Supply Chains Act identifies compliance and assesses potential human rights impacts across our supply chain. We incorporate supplier visits and checks into our Supplier Approval and Risk Assessment processes.

Supplier Code of Conduct

Our Supplier Code of Conduct sets forth a comprehensive set of supplier requirements to meet fundamental obligations in areas of human rights, labour, environment, anti-corruption, and ethical business practices. In 2024 the Code of Conduct was updated to enhance human rights and environmental requirements, and our Suppliers' compliance with our Supply Chain Due Diligence Policy. Suppliers are also required to cascade these requirements through their supply chain and confirm their commitment in writing.

Supplier Due Diligence Process

During 2024 NFI Group worked to develop a comprehensive Supplier Due Diligence Policy and Supplier Assessment Questionnaire (SAQ) and risk assessment tool to help us identify and assess suppliers on human rights and sustainable sourcing risks, including risk of modern slavery including forced labour and child labour. By implementing these measures, we aim to enhance transparency, mitigate risks, and promote responsible business practices across our supply chain.

Our Supplier Due Diligence Policy, is aligned with OECD for multinational enterprises and UN Guiding Principles on Business and Human Rights (UNGPs), and outlines a risk-based approach to identify, prevent, and mitigate adverse impacts in our supply chain. The Supplier Due Diligence Policy outlines our expectations for suppliers regarding human rights, labour standards, and environmental stewardship. The SAQ serves as a structured mechanism to assess suppliers on country risks as well as for those who supply of critical and conflict minerals. The tool was developed by an independent consultant and draws on publicly accessible and respected indices to assess country risks as well as thorough research to assess the sourcing of different critical and conflict minerals from different geographies. We also used the

open source templates from the Responsible Minerals Initiative (RMI) to help collect information from our suppliers. The templates include the Additional Mineral Reporting Template (AMRT), formerly known as the Extended Minerals Reporting Template (EMRT), as well as the Conflict Minerals Reporting Template (CMRT). Once our suppliers fill in the questionnaire and supply relevant documentation to verify their responses our human rights and sustainability experts assess the suppliers responses, provide a risk assessment and score and then in collaboration with the supplier develop an action plan.

During 2025 we will continue to roll-out the SAQ and developing action plans with our suppliers to ensure continuous improvement.

Under this Policy we follow the steps below to perform the due diligence required to assess the risk associated with our suppliers:

- a. **Identify Risks:** The SAQ and inherent risk assessment are completed to identify any associated risks. This assessment identifies whether the supplier deals with critical or conflict minerals or operates in high-risk countries. The assessment determines the supplier's risk level as high, medium, or low.
- b. **Take Action:** If the supplier is deemed high risk, the NFI team will issue additional due diligence questionnaires which address the use of critical and conflict minerals, ask for more information on the list of smelters used within their supply chain, and which of their suppliers have operations in high-risk countries. The completed questionnaires will then be reviewed by the Supply Chain Due Diligence Team.
- c. **Mitigate Risk:** The Supply Chain Due Diligence Team will conduct further checks based on external resources and public data and may request additional information from the supplier to ensure thorough risk assessment.
- d. **Remediation Process:** The NFI Supply Chain Due Diligence team is responsible for creating an action plan to address any risks found during the assessment of a supplier. This plan will outline the necessary actions and improvements the supplier must implement to avoid future suspension with NFI.
- e. **Assess Again for High-Risk Suppliers:** The Supply Chain Due Diligence Team will ensure the supplier provides regular updates on progress against the action plan. Warning notices may be issued for insufficient progress, potentially leading to termination of the relationship. The diligence steps are repeated based on the supplier's risk level—annually for high-risk, every two years for medium-risk, and every three years for low-risk suppliers.

FORCED LABOUR AND CHILD LABOUR RISKS

NFI Group has global supply chains which consist of component suppliers, outsourced manufacturing and use of labour providers. We have identified key areas of our supply chain that pose a heightened risk of Forced Labour and/or Child Labour and has begun to systematically address these areas.

Batteries

NFI saw a sharp increase in demand for zero-emission bus and coach in 2024. Given the risks of forced and child labour associated with the inputs typically required for high voltage batteries used in these vehicles, NFI identified several key suppliers and engaged in a detailed supply chain mapping exercise. Similar to the aforementioned SAQ, suppliers were asked to provide details on the suppliers of goods which contain conflict or critical minerals, including the legal name and location of their operations. Additionally, suppliers were asked to provide commentary on their own policies concerning Conflict and Critical Minerals,

as well as various legislation such as the US Uyghur Forced Labour Prevention Act or the US Dodd-Frank Act.

Countries with Heightened Risk of Forced Labour and/or Child Labour

NFI Group identified products sourced from our Tier 1 Suppliers who operate in countries with the highest risk of Forced Labour and Child Labour, as recognized by the Global Modern Slavery Index in 2023. We surveyed impacted suppliers to assess potential risks, and responses were tracked.

As part of our due diligence under the Uyghur Forced Labor Prevention Act (UFLPA), we identified products produced in China sourced from our Tier 1 Suppliers as a heightened risk for Forced Labour and/or Child Labour. In addition, Tier 1 Suppliers who operate in this area were identified as having a heightened risk of the use of Forced Labour or Child Labour in their supply chains. Such suppliers were surveyed to assess potential risks, and responses were tracked.

REMEDIATION MEASURES

NFI's [Whistle-blower Policy](#) outlines the process and provides guidance to employees and they are encouraged to use the toll-free lines to report any concerns or report via website here: [Ethics Point - NFI Group, Inc.](#)

Any Reporter who wishes to remain anonymous may create a password and will receive an identification number to identify their Report or Financial Allegations Report (the "Report Key"). The Report Key and password permits the Reporter to track the status of the Report or Financial Allegations Report and to submit further details, if required, on a confidential basis.

Our policy also states that any person reporting a concern submitted in good faith will be protected from retaliation or harassment of any kind.

During our risk-based battery mapping exercise, NFI became aware of potential risks associated with certain downstream suppliers. We are continuing to investigate these potential risks and if Forced Labour or Child Labour is identified, NFI Group will take appropriate remediation and/or other actions to address such issue in accordance with NFI Group's policies and governance structures described in this report.

REMEDIATION OF LOSS OF INCOME

NFI Group is not aware of any instances of Forced Labour and/or Child Labour in our operations or supply chain thus far. Accordingly, no remediation of loss of income has occurred.

TRAINING

NFI provides training related to regulatory and legal requirements, internal policies and codes, and requirements of employees in support of responsible sourcing.

In 2024, an internally developed training program was introduced, becoming a mandatory requirement for all employees involved in purchasing or sourcing decisions and being successfully delivered to over 250 NFI team members. The training program is comprised of three separate modules and encompasses an

in-depth exploration of forced and child labour, how critical and conflict minerals are used within our supply chain, NFI's obligations under various legislations, such as the Canadian Forced Labour Act in Supply Chains and the UK Modern Slavery Act, and the obligations which exist under the NFI Code of Conduct and Supply Chain Due Diligence policies. The first of these training modules was released in late 2024, the remaining two to be released in early 2025. Each module will take roughly 30-40 minutes to complete and concludes with a multiple-choice assessment designed to evaluate and validate the trainees' comprehension of the key concepts.

ASSESSING EFFECTIVENESS

NFI Group ensures that all corporate policies and codes remain current, and address required areas of risk by having the policy or code owner review annually, and if required, update the document. This includes key documents which address Forced Labour and Child Labour.

To evaluate the effectiveness of our responsible business practices and policy implementation, NFI has implemented tracking systems to ensure suppliers are providing timely confirmation they have read and agree to any updates made to NFI's policies, and to track Suppliers' responses to Supplier Assessment Questionnaire.



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