



Report on Efforts to Prevent & Reduce the Risk of Forced & Child Labour in Supply Chains

For the financial year ended March 31, 2024

1. The steps the entity has taken during its previous financial year to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods in Canada or elsewhere by the entity or of goods imported into Canada by the entity.

In response to Canada's "Fighting Against Forced Labour and Child Labour in Supply Chains Act", this is the first reporting requirement for 1176943 AB Ltd. (Operating as "Lexus of Calgary"). In the year 2023, Lexus of Calgary did not implement any measures aimed at mitigating or preventing the potential occurrence of forced or child Labour within its operations.

2. The entity's structure, activities and supply chains.

Lexus of Calgary operates under the legal entity 1176943 AB Ltd.

Organizational Structure:

The organizational structure of Lexus of Calgary is hierarchical, with Glen Rumpel serving as the Dealer Principal at the highest position. Below him are Steve Normore, the General Manager, and Don Hansen, the CFO.

Steve Normore oversees the day-to-day operations of Lexus of Calgary, utilizing department heads in Sales, Service, Parts, and Leasing to manage various operational aspects.

Don Hansen manages the accounting department and all financial-related decisions and activities of the dealership.

Organizational Mandate or Role:

Lexus of Calgary, operating as a franchisee and partner of Lexus Canada, serves as a dealership offering vehicle sales, leasing, and related services. The dealership's role is to effectively manage its operations in alignment with Lexus's standards and practices while delivering high-quality vehicles and services to customers.

Number of Employees:

Lexus of Calgary employs between 80 and 95 employees at any given time. The workforce includes sales representatives, service technicians, administrative staff, department heads, and management personnel necessary for the dealership's smooth operation.

Partner Organizations or Membership:

Lexus of Calgary is a franchisee and partner of Lexus Canada, aligning its operations closely with the standards and practices set by Lexus Canada. This partnership provides access to the latest



LEXUS OF CALGARY

Lexus vehicles, technologies, and marketing support, enhancing the dealership's reputation and customer offerings.

Control of Other Entities:

Lexus of Calgary solely focuses on its dealership operations and does not hold interests in any other subsidiaries or controlled entities. The dealership's core business activities revolve around sales, service, leasing, and parts related to Lexus vehicles.

a) Activities

Lexus of Calgary engages in the sale and distribution of Lexus vehicles, leasing options, maintenance, repairs, and the sale of automotive parts and accessories.

Approximately 75 million dollars worth of the dealership's total annual sales in 2023 are attributed to the sale of vehicles, parts, and accessories sourced from Lexus Canada. These goods comprise both domestically and internationally produced items. The remaining portion of the total annual sales comes from other revenue streams such as leasing, service, and aftermarket sales.

b) Supply Chains

Importation of Goods into Canada:

Lexus of Calgary purchases vehicles, parts, and accessories from Lexus Canada, which include goods produced and manufactured both domestically and internationally. The imported goods represent a significant portion of the dealership's total annual sales, contributing approximately 45 million dollars out of the 96 million dollars worth of total annual sales in 2023.

The imported goods, including a variety of Lexus vehicle models, genuine Lexus parts, and accessories, are sourced from various domestic and international locations, reflecting Lexus Canada's global supply chain.

Locations of Operation:

Lexus of Calgary's primary location of operation is in Calgary, Alberta, Canada. Within Canada, the dealership serves customers primarily in the Calgary area but can serve customers in other regions of Alberta/Canada.

The dealership's importation activities involve sourcing goods from Lexus Canada's global supply chain, encompassing both domestically and internationally produced items. These imported goods contribute significantly to Lexus of Calgary's operations and sales in Canada.

3. The entity's policies and due diligence processes in relation to forced labour and child labour.

Other than strictly adhering to the Alberta Employment Standards Act and the Alberta Human Rights Act, Lexus of Calgary did not create or execute any new policies with relation to forced or child labour in 2023.



4. The parts of the entity's business and supply chains that carry a risk of forced labour or child labour being used and the steps it has taken to assess and manage that risk.

Lexus of Calgary can be reasonably considered at low risk for forced labour and child labour, largely due to the majority of its product sales originating from Lexus Canada's supply chain. However, some aspects of Lexus of Calgary's business, such as third-party suppliers of aftermarket accessories, automotive service parts, and promotional marketing goods, as well as service providers for physical services like catering and janitorial services, may carry some risk.

Lexus of Calgary primarily acquires vehicles, parts, and accessories directly from Lexus Canada (TMC) and certain of its wholly owned North American subsidiaries. Lexus of Calgary trusts in Lexus Canada's efforts to reduce the risk of child labour and forced labour within their supply chains, as outlined in TMC's compliance plan described in their report.

However, there remains some risk associated with supply chains for aftermarket accessories, parts, and tires, where Lexus of Calgary may not have detailed information regarding the producers' policies or actions to eradicate child and forced Labour. Lexus of Calgary is committed to addressing and mitigating these risks as part of its overall compliance efforts in the future.

5. Any measures taken to remediate any forced labour or child labour.

Other than strictly adhering to Alberta Employment Standards Act and the Alberta Human Rights Act, Lexus of Calgary did not take any additional measures to remediate forced or child labour in 2023.

6. Any measures taken to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in its activities and supply chains.

Other than strictly adhering to Alberta Employment Standards Act and the Alberta Human Rights Act, Lexus of Calgary did not take any additional measures to remediate the loss of income for vulnerable families as a result of measures to eliminate forced or child labour in 2023.

7. The training provided to employees on forced labour and child labour.

Lexus of Calgary did not undertake any new training in 2023 to educate its staff on forced or child labour.

8. How the entity assesses its effectiveness in ensuring that forced labour and child labour are not being used in its business and supply chains.

Lexus of Calgary complies with the Alberta Employment Standards Act and the Alberta Human Rights Act if considering a minor for employment, however has not assessed the policies effectiveness in ensuring that forced or child labour is not being used in the production or

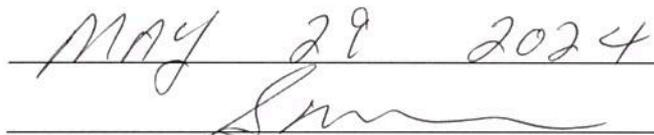


supply of any parts its sells. Lexus of Calgary will continue this practice and will continually monitor compliance.

9. Report Sign Off Process

Reports must include the following attestation, which must be signed by a member of the entity's governing body that has the authority to bind that entity:

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: Steve Normore
Title: General Manager
Date: May 29 2024
Signature: 

"I have the authority to bind 1176943 AB Ltd., o/a Lexus of Calgary."

The Report must also be approved by the entity's governing body. Where the Report is a joint report being produced for more than one entity, the Report must be approved by either the governing body of each entity included in the Report, or by the governing body of an entity that controls each entity included in the Report (if such entity exists). In such a case, the attestation would also have to be completed by a member of the governing body of each entity in the joint Report, unless it is completed by a member of the governing body of an entity that controls all other entities incl