



Fighting Against Forced Labour and Child Labour in Supply Chains Act Annual Report

1. Introduction

In accordance with the Fighting Against Forced Labour and Child Labour in Supply Chains Act, Northwest Lexus is pleased to present its first forced labour and child labour supply chains report, covering the financial reporting period for our September 30th, 2023 fiscal year-end.

This Report outlines the efforts and steps Northwest Lexus has and will take to identify and understand the risk of forced labour and child labour in its operations and supply chain, and to ensure controls are in place to reduce and eliminate these risks.

2. Business Structure

a. Structure

Northwest Lexus is an exclusive luxury automotive retailer. It's a privately owned franchised dealership, based in Brampton, Ontario.

b. Activities

Northwest Lexus core operations are franchised automotive dealerships which engages in the following services:

- selling new and pre-owned vehicles;
- providing vehicle repair and maintenance services;
- selling and distributing parts, accessories; and
- providing vehicle finance, insurance and warranty products related to the sales of vehicles.

c. Supply Chains

Northwest Lexus supply chains include:

- new vehicles and new automotive parts purchased directly from the OEM Manufacturer; and
- local suppliers for services (lawn maintenance, fuel supplies, office supplies, etc.).

3. Risks of Forced Labour or Child Labour in Our Supply Chains

Northwest Lexus's exposure to forced labour and child labour risks is considered low. The most significant risk for the use of forced and child labour would be the importation of new vehicles and new automotive parts from the OEM manufacturers. To mitigate our risk of purchasing new vehicles and new automotive parts that were produced with the use of forced and child labour, we directly request from the OEM Automotive Manufacturer, a report or attestation that the OEM Manufacturer also performs their own due diligence to ensure that any new vehicles or parts purchased are not subject to forced and child labour. The request for the report and/or attestation is performed on an annual basis to comply with the annual reporting requirements under The Fighting Against Forced Labour and Child Labour in Supply Chains Act.

To date, Northwest Lexus and our OEM Manufacturer suppliers have not identified any specific instances of forced labour in their supply chains.

4. Actions to Prevent and Reduce the Risk

Northwest Lexus prides itself on being a great corporate citizen to all its stakeholders, including our employees, clients and business partners. We expect the same from our suppliers and only have

business relationships with those who comply with all applicable laws and regulations, including those governing the manufacture of our products, with respect to safety, child labour, employment, and the environment.

a. Standards of Business Ethics and Conduct

All our activities are underpinned by our Standards of Business Ethics & Conduct Policy, which governs that all business be conducted in full compliance with all applicable federal, provincial and local laws. All decisions must therefore be made within the boundaries of acceptable business behavior and the spirit and letter of the law.

b. Remediation of Loss of Income

Northwest Lexus have judged that vulnerable families have not experienced loss of income as a result of steps that Northwest Lexus has taken to eliminate forced labour and child labour risks.

c. Employee Training

Northwest Lexus prides itself on employee mandatory training and all employees receive annual Online University online training on a variety of curriculums, which we update and revise every quarter. Currently, we are looking for specific courses that will cover this new Act to educate those in management positions who have the authority to enter into such contracts.

d. Assessing Effectiveness

Northwest Lexus assess the effectiveness of monitoring forced and child labour by analyzing, both media and social media, for reports or mentions of labour violations with our supply chains. We also track indicators such as changes in public perception, legal actions, or other industry reports related to labour practices. Northwest Lexus is also a member of industry Associations such as the Canadian Automobile Dealers Association and Motor Vehicle Retailers of Ontario, where regulated publications and guidelines in the automotive industry are monitored and discussed.

e. Next Steps

Northwest Lexus is committed to continually improving our operations and ensuring our supply chains have no forced or child labour. During the next reporting period we will action the following steps:

- Update our Code of Conduct and Business Ethics policy to include the guidelines on Forced Labour and Child Labour in our Supply Chains; and
- Roll out training via Online University on Forced and Child Labour.

5. 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.



Basilio Policaro
Director
Northwest Lexus

May 15, 2024