

Forced Labour in Canadian Supply Chains Report - 401 **Auto RV Canada Inc. (Reporting Year - 2023)**

At our dealerships and business, we are committed to upholding the highest ethical standards in all aspects of our business operations, including our supply chain practices. We want to assure our customers and stakeholders that we do not tolerate any form of forced labour or child labour in any part of our operations.

First and foremost, we have established rigorous supplier vetting processes to ensure that all relevant partners and suppliers share our commitment to ethical labour practices. Before engaging with any supplier, we conduct thorough due diligence to assess their labour policies and practices. We only collaborate with suppliers who adhere to legal requirements and industry best practices regarding labour rights.

Furthermore, we have implemented a comprehensive supplier code of conduct that explicitly prohibits forced labour and child labour. This code sets clear expectations for our suppliers and outlines the consequences of non-compliance. We regularly communicate and reinforce these standards with our suppliers to ensure alignment with our values.

In addition to proactive measures, we also maintain a system of ongoing monitoring and audits to assess compliance with our labour standards. These audits include on-site inspections to verify working conditions and age verification procedures. If any issues are identified, we take immediate action to address them, including working with suppliers to implement corrective measures and, if necessary, terminating partnerships with non-compliant entities.

We believe that transparency is key to building trust with our customers and stakeholders. This is why we are committed to maintaining transparency in our supply chain practices and regularly reporting on our efforts to address forced labour and child labour.

In conclusion, we want to emphasize that ethical conduct is not just a priority, it's a fundamental part of who we are as a dealership and as business. We are dedicated to ensuring that our operations are conducted responsibly and ethically, and that includes a firm stance against forced labour and child labour.

As per subsection 11(3), an entity must provide information on each of the following:

a. Its structure, activities and supply chains

The entities contained in this report, all of which are Corporations within the guidelines of the *Canada Corporations Act*, operate in terms of structure and activities as follows: Automotive Dealerships, New/Used Vehicle Sales and Financing, Auto Leasing, Repairs of Autos/RV/Trailers, Marine and Powersports Sales, and Food Premises with Catering Restaurant Establishment.

Steps to prevent and reduce risks of forced labour and child labour

The questionnaire provides examples of measures that entities may have taken to prevent and reduce risks of forced labour and child labour. This list is not exhaustive, and entities are encouraged to name any other steps they have taken in the “Other” category. Entities are also encouraged to provide additional information describing their actions. Examples of additional information include:

- Whether the actions were applied broadly or to specific parts of the entity’s activities and supply chains -
- Which issues the actions aimed to address (e.g., whether the action addressed forced labour or child labour)
- Which groups the actions were directed towards (e.g., which supply chain partners or stakeholders the entity engaged with)
- Details of the actions taken (e.g., which policies and processes were implemented, how they were implemented and for what purpose)

If an entity controls other entities, it must also describe the steps that these controlled entities have taken to prevent and reduce risks of forced labour and child labour.

There may be overlap between the steps entities identify in this section and responses to subsequent questions, such as the questions on due diligence and on training for employees. This is expected and acceptable. Entities may provide in their report and questionnaire, information on actions taken that could prevent forced and child labour, such as organizational action plans and codes of conduct.

As part of organizational action plans to guarantee that standards of conduct are followed, we do not hire anyone under the age of 16 due to the nature of the business. Our means of attaining this is through the verification of legal documents that employees are required to

present to us in order to verify their eligibility to work in Ontario, such as a valid driver's licence, Social Insurance numbers, and work permits, all of which are provided prior to the start date of an employee.

Requirement (a) – Structure, activities and supply chains

Structure refers to the entity's legal and organizational form. When reporting on structure, entities may include the following details:

- **Legal structure, including legal classification (i.e., corporation, trust, partnership, unincorporated organization, etc.)**
- **Organizational structure (i.e., departmentation, chain of command, etc.)**
- **Organizational mandate or role**
- **Number of employees, both in Canada and outside Canada**
- **Partner organizations, or membership in a group**
- **Control of other entities, including what the controlled entities do and where they are located**

For the purposes of the Act, activities include all pursuits undertaken by the entity in relation to the production or importation of goods by the entity.

When reporting on activities, entities may include information on:

- **Production, manufacturing, growing, extracting, processing, sale or distribution of goods, both in Canada and outside Canada, including the kinds and volumes of goods produced, manufactured, grown, extracted, processed, sold or distributed**
- **Importation of goods into Canada, including the kinds and volumes of goods imported and the locations from which the goods are imported**
- **Locations of operation (countries or regions)**

Entities should also describe the activities of any entities under their control. Note that entities are only required to report on the activities of subsidiaries that are entities with reporting obligations under the Act. For more information, entities should refer to the [guidance on the application of the Act](#).

The supply chain includes suppliers of goods and services that contribute to the production of goods produced, sold, distributed or imported by the entity, from sourcing the raw materials to the final product. It therefore includes direct and indirect suppliers and service providers, both in Canada and outside Canada. An entity's supply chain does not include the end users or customers who purchase its products or services.

When describing their supply chains, entities should aim to identify to the greatest extent possible the source countries or regions of origin of each of the goods and services used at each stage of the supply chain.

Entities should aim to provide a complete overview of their structure, activities and supply chains, meaning that they should not omit information about aspects of their structure, activities and supply chains that they have judged carry no risk of forced labour or child labour.

The lists of examples given above are not exhaustive, and entities are encouraged to provide additional information, as appropriate.

The legal classification of the business and all of its subsidiaries is a Corporation, the only Country in which the Corporation carries on business is in Canada with roughly 850 employees. The business imports product such as trailers and recreational vehicles from Indiana, USA, where they are manufactured and purchased from, and vehicles from various dealers where they are manufactured across North America. However, these specific entities are independent of us and operate on their own.

Requirement (b) – Policies and due diligence processes

Due diligence is a process to identify and respond to the real and potential adverse impacts of activities throughout the supply chain. The [OECD Due Diligence Guidance for Responsible Business Conduct](#) provides that the due diligence process and its support measures involve the following steps:

- **Embedding responsible business conduct (RBC) into policies and management systems**
- **Identifying and assessing adverse impacts in operations, supply chains and business relationships**
- **Ceasing, preventing or mitigating adverse impacts**
- **Tracking implementation and results**
- **Communicating how impacts are addressed**
- **Providing for or cooperating in remediation when appropriate**

For more information on the meaning of due diligence and the ways in which an entity can implement due diligence practices, please see the list of additional resources.

If an entity controls other entities, it must also describe the policies and due diligence processes that these controlled entities have in place.

In an entity's report, it may choose to describe how its policies and due diligence processes on forced labour and child labour relate to its environmental, social

and governance (ESG) initiatives or to a broader organizational Responsible Business Conduct (RBC) strategy, policies or mandate.

An effective way our business monitors its due diligence process with respect to forced labour is by ensuring our payroll team is heavily monitoring all stores within our organization so we can be certain our employees are not working excessively and all requests for additional work are made in writing with no duress.

Employees sign in and out of our company's daily sales trackers when they arrive for work and when they leave. These sheets are monitored each week. Additionally, workers punch in and out when they start and end their shifts.

Our company only deals with reputable OEM businesses who are diligent in their own human rights practices. We thoroughly ensure that all businesses that we work with adhere to the same policies and procedures as us regarding child and forced labour.

Requirement (c) – Forced labour and child labour risks

The Act requires entities to identify parts of their activities and supply chains that carry a risk that forced labour or child labour being used either in the entity's own activities, or in the activities of any entities it controls or those of its direct or indirect suppliers. Identifying parts of an entity's activities and supply chains that carry a risk does not require indicating that forced labour or child labour was or is actually being used. Rather, entities are asked to show that they have considered the ways in which their activities and supply chains could potentially cause, contribute to or be directly or indirectly linked to actual or potential risk that forced labour or child labour is used by them or in their supply chains.

No sectors or industries involving the production or importation of goods are assumed to be entirely free of forced labour and child labour risks. The purpose of reporting is not to certify that an entity is "risk-free," but rather to demonstrate that the entity has taken steps to identify and address risks. The reporting exercise is intended to encourage transparency, not to penalize entities for having identified risks in their activities and supply chains.

Entities should not disclose commercially sensitive information or report on specific cases or allegations of forced labour or child labour in a manner that would create legal or privacy concerns.

The questionnaire allows entities to identify general aspects of their activities and supply chains that carry a risk of forced labour and child labour, as well as the sectors and industries that those risks relate to. Entities are encouraged to provide additional information. For example, entities may specify that they have

identified risks related to a particular sector, industry, country or region; the production of a particular product; or a particular step in the supply chain.

Entities may choose to volunteer information about instances of forced labour or child labour that have been identified but are not required to do so. If this information is included, entities should ensure that their report does not compromise any individual's privacy. For example, entities may describe their response to forced labour or child labour identified in a particular part of their activities or supply chains using an anonymized case study.

Additionally, the questionnaire allows entities to describe the steps that they have taken to assess and manage the forced labour and child labour risks identified. In other words, entities should explain how they have identified risks (i.e., mapping supply chains, conducting a risk assessment, etc.) and how they have dealt with the risks identified. Entities may do this for each risk identified or choose to provide a general description of how they assess and manage risks.

If an entity controls other entities, it must also describe the steps that these controlled entities have taken to identify, assess and manage forced labour or child labour risks in their activities and supply chains.

We have considered the ways in which our businesses activities could potentially cause and contribute to child and forced labour and cannot identify any means in which this could happen. We have measures in place for extreme temperatures that exceed a certain degree, i.e., additional break and rest periods in which the employee is paid and is supplied fluids such as water, including but not limited to, mechanics who work in an unairconditioned environment.

We do not allow employees to work through their breaks per the governing legislation, which differs in time length based on the employee's position and hours worked each day. All entities within the Corporation try their best to mitigate the amount of hours exceeding 40 hours per week. Employees are not required to stay later than their allotted time each day.

Additionally, we have strict policies in place that all employees are provided with that outlines a zero tolerance workplace harassment and violence environment to ensure that all employees feel safe in the duration of their employment, and we do not force any employee to work where they feel unsafe and rely heavily on ensuring that all employees have the right to refuse unsafe work.

Requirement (d) – Remediation measures

Remediation and remedy refer to both the processes of providing remedy for an adverse impact and to the substantive outcomes (i.e., remedy) that can counteract, or “make good,” the adverse impact. In the case of business and human rights, which includes forced labour and child labour, remedies provided

may take a range of forms, the aim of which will be to counteract or address any human rights harms that have occurred.

Appropriate remedies vary depending on the circumstances.

For more information on the meaning of remediation, please see the [United Nations Guiding Principles on Business and Human Rights](#) and the [list of additional resources](#).

The questionnaire includes a list of possible remediation measures. This list is not exhaustive, and entities are encouraged to provide additional information.

If an entity controls other entities, it must also describe the remediation measures that these controlled entities have taken, if applicable.

As with reporting on risks of forced labour and child labour, the purpose of requiring entities to describe the measures they have taken to remediate any forced labour or child labour is to encourage transparency.

Entities should not disclose commercially sensitive information or report on specific cases or allegations of forced labour or child labour in a manner that would create legal or privacy concerns.

If entities have assessed that their activities and supply chains do not carry a risk of forced labour or child labour being used, and the question of remediation is considered not applicable, then stating this in their report would be sufficient to address this requirement. Alternatively, entities may indicate that no measures have been taken to remediate forced labour or child labour in their activities and supply chains, if that is the case.

Our corporation has assessed our activities and we do not carry a risk of forced labour or child labour being used.

Requirement (e) – Remediation of loss of income

Efforts to prevent and reduce the risk of forced labour and child labour can have the unintended consequence of contributing to a loss of income for vulnerable families. Requirement (e) refers to 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 the entity's activities and supply chains.

If an entity controls other entities, it must also describe the measures that these controlled entities have taken to remediate loss of income, if applicable.

As with requirement (d), if entities have judged that vulnerable families have not experienced loss of income as a result of steps the entity has taken to eliminate forced labour or child labour risks, or if no measures have been taken in this area, then stating this in the report is sufficient to address this requirement.

Our corporation has judged that vulnerable families have not experienced loss of income as a result of steps taken to eliminate forced labour or child labour risks.

Requirement (f) – Training

Training on forced labour and child labour may take a range of forms, from formal training courses to awareness-raising activities. When reporting on the training that entities may provide to employees, they may choose to provide the following details:

- **Whether the training is mandatory or optional**
- **Whether the training is entity-wide or only covers employees in specific areas of the entity**
- **Which groups or levels of employees receive the training (e.g., whether the training covers senior management/executive-level staff)**
- **The content of the training, including whether it covers forced labour, child labour or both**
- **How the training was developed, including whether it was developed internally or by an external organization**
- **The length of the training**
- **Any mode(s) of assessment included in the training**
- **How many employees have received or will receive the training**

This list of examples is not exhaustive, and entities are encouraged to provide additional information, as appropriate.

In addition to describing the training provided to an entity's direct employees, entities may choose to describe any training or awareness materials provided to partners or suppliers, if applicable.

If an entity controls other entities, it must also describe the training that these controlled entities provide to employees on forced labour and/or child labour, if applicable.

We provide training to departments where it is applicable. Our Human Resources and recruiting team onboard all employees within the business. All employees are required to submit a criminal background check and valid drivers' licence for identity and age verification to mitigate the risk of child labour. Due to the nature of the business, we do not allow anyone under the age of 16 to be employed. Our general managers of each of the stores within our business are

required to allow any employees who work outside or in our mechanic shops during extreme cold or heat additional rest periods, water, and any other means to ensure that employees are comfortable during their scheduled shift. This is also outlined in our employee policy handbook that is provided to all employees in the business at the start of their onboarding. Further discussion and training are provided to general managers operating each store.

Requirement (g) – Assessing effectiveness

The questionnaire includes a list of examples of steps entities may take to assess their effectiveness in ensuring that forced labour and child labour are not being used in their activities and supply chains. This list is not exhaustive, and entities are encouraged to provide additional information.

Entities are required to report on how they assess their effectiveness, not to give the results of that assessment. In other words, entities should describe the policies, processes and other actions they have implemented to measure and track their success in preventing and reducing risks of forced labour and child labour in their activities and supply chains.

Alternately, entities may indicate that no actions have been taken to assess their effectiveness in preventing and reducing risks of forced labour and child labour in their activities and supply chains. Stating this in a report is sufficient to address this requirement.

If an entity controls other entities, it must also describe how these controlled entities assess their effectiveness in ensuring that forced labour and child labour are not being used in their activities and supply chains.

Our business measures effectiveness regarding policies and procedures put in place by consistently pulling reports from the data base that all employees are entered into to verify age, work history, legal documentation such as driver's license, drivers abstracts and social insurance numbers to ensure they are legally permitted to work in Canada to mitigate the risk of child and forced labour.

Our business has not had any issues or concerns in the past regarding potential child or forced labour for any of our current or previous employees. We are unable to speak for the vendors and supply chains we partner with as they are separate entities from our company and fall under different legal jurisdictions.

May 31, 2024

STATEMENT OF APPROVAL

This statement has been duly reviewed and approved by the relevant governing body for 401 Auto RV Canada Inc., and all its subsidiaries listed below for the 2023 reporting year:

1. 401 REAL ESTATE TRUST INC.
2. 401 AUTO RV CANADA INC.
3. 5039442 ONTARIO INC. o/a PEMBROKE CHRYSLER DODGE JEEP RAM
4. 5039453 ONTARIO INC. o/a PEMBROKE HONDA
5. 5039443 ONTARIO INC. o/a RENFREW CHRYSLER DODGE JEEP RAM
6. 5039456 ONTARIO INC. o/a PETERBOROUGH HYUNDAI
7. SAUNDERS AUTOMOTIVE LIMITED o/a STRATFORD HYUNDAI
8. WOODS AUTOMOTIVE GROUP INC. o/a WINDSOR HYUNDAI
9. 2686874 ONTARIO LIMITED o/a BARRIE KIA
10. 2615497 ONTARIO LIMITED o/a CAMBRIDGE KIA
11. 1382763 ONTARIO INC. o/a KINGSTON KIA
12. 1000186964 ONTARIO LIMITED o/a MISSISSAUGA KIA
13. 2536936 ONTARIO LIMITED o/a TILLSONBURG KIA
14. 2798079 ONTARIO LIMITED o/a SUDBURY MITSUBISHI
15. 5039444 ONTARIO INC. o/a PEMBROKE NISSAN
16. 5039458 ONTARIO INC. o/a PETERBOROUGH SUBARU
17. 2690649 ONTARIO LIMITED o/a SIMCOE VOLKSWAGEN
18. 2721356 ONTARIO LIMITED o/a YOUR AUTO LEASE
19. 2724367 ONTARIO LIMITED o/a ONTARIO AUTO OUTLET
20. BLACKSHOP RESTURANT & LOUNGE INC.
21. NORTH BAY CHRYSLER DODGE JEEP RAM LTD.
22. 7523026 MANITOBA LTD. O/A AUTO SHOW SALES & FINANCE

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

401 AUTO RV CANADA INC.



Peter James Rose - President

I have authority to bind the corporation