



**ANNUAL REPORT ON FORCED LABOUR AND CHILD  
LABOUR IN SUPPLY CHAINS**

For the year ended May 31, 2023

## HISTORY

MSA Ford Sales has been a part of Abbotsford since 1951. Our first location was in downtown Abbotsford where Red Robin is today. We moved to the Abbotsford Automall in the winter of 1992. We are very proud of our heritage in Abbotsford. A question we get asked a lot is what does MSA stand for? It is an old abbreviation which stood for the three communities that were in our area a long time ago (Matsqui Sumas Abbotsford). In 1995 Matsqui joined Abbotsford to create "The City of Abbotsford".

Over the years we have been proud to be a part of hundreds of local charities and community events. We have raised over \$360,000 for local schools, charitable organizations, and non-profits over the last 12 years. Supporting our community and staff is very important to the Company and to our mutual future.

Our culture has always been to foster long-term employee growth and provide opportunities to advance their careers. This is evident throughout the dealership. A strong work ethic, respect for your co-workers, and attention to safety are key values of MSA Ford.

We also believe in complete transparency, honest communication, ethical and professional conduct, and we expect the same from our employees.

## CORPORATE STRUCTURE, ACTIVITIES AND SUPPLY CHAIN

This annual report on forced labour and child labour in supply chains (the "Report") is a joint report by 402028 B.C. Ltd. on behalf of its subsidiaries below in accordance with the Fighting Against Forced Labour and Child Labour in Supply Chains (the "Act"). All information in the Report is at May 31, 2023.

This reporting entities include:

1. 402028 B.C. Ltd.;
2. 0932591 B.C. Ltd., doing business as M.S.A. Ford Sales;
3. 0932594 B.C. Ltd.

The entities include a holding company, an automobile dealership (M.S.A. Ford Sales) and a real estate holding company.

Activities conducted by these companies include selling goods in Canada or controlling an entity engaged in producing, selling or distributing goods in Canada. MSA Ford Sales (hereinafter referred to as "MSA") is a Ford automotive dealership which sells new and used vehicles, performs repairs and maintenance of vehicles, and sells automotive parts and accessories.

The reporting unit's supply chain mainly includes Canadian and USA businesses for direct and indirect products and services. Direct costs mainly include vehicles and automotive parts from Ford Motor Company of Canada, as well as automotive parts and accessories from other Canadian and USA based suppliers. A small component of the supply chain includes products that are received from outside of Canada and the USA. For products that are from outside of Canada, importers that are independent of the reporting unit are utilized to import the product.

Tier 1 suppliers in our supply chain are the businesses that sell goods and services directly to us. Tier 2 suppliers are businesses that sell goods and services to our Tier 1 suppliers. An example

of a Tier 2 supplier is a manufacturer of high-grade steel or aluminum which are used by a Tier 1 supplier in the manufacturing of automobiles or automotive parts.

The automotive supply chain is perceived as an at-risk industry in some parts of the world for the potential use of force labour and child labour relating to sources of raw materials. The automotive industry has a complex global supply chain. MSA believe that we are not directly or indirectly involved in perpetrating or participating with any businesses that utilize forced labour or child labour in their supply chain. However, by the nature of the parts and automotive manufacturing supply chain, which involves the utilization of raw materials that could be sourced from high-risk countries, we cannot be fully satisfied that our supply chain has responsible business conduct below our Tier 1 suppliers. Due to the limited size of MSA's purchasing power, we have little to no influence on the businesses in our supply chain, of which some are large multi-national global enterprises.

The majority of our suppliers are large Canadian business which must comply with Bill S-211 The Fighting Against Forced Labour and Child Labour in Supply Chains Act ("the Act"). While this does not remove our responsibility to complete our own due diligence, we believe that these suppliers are adhering to the Act and are following responsible business conduct.

In the review of our supply chain, we determined that most of our suppliers are located within Canada and/or were determined to be at low risk for forced labour or child labour.

## **POLICIES**

MSA incorporates responsible business conduct in our operations, policies and procedures. MSA considers business practices and conduct of suppliers before we contract to commence a business relationship with them. MSA is developing policies and procedures to better monitor the business conduct of our suppliers.

## **CHARACTERISTICS OF DUE DILIGENCE**

MSA will utilize the following approach to due diligence with respect to forced labour and child labour.

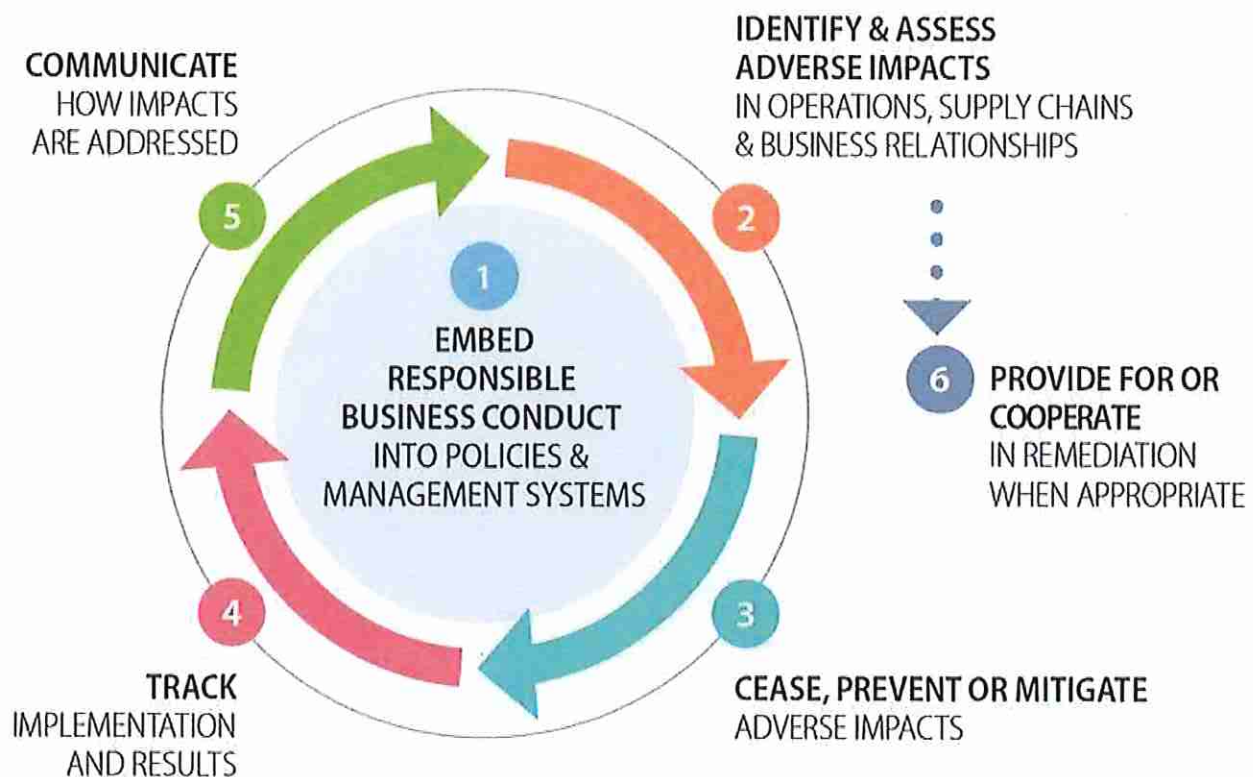
The following are excerpts from the OECD (Organization for Economic Co-Operation and Development) "Due Diligence Guidance For Responsible Business Conduct" (2018), for which the wording has been adjusted as applicable.

- Due diligence is preventative - The purpose of due diligence as it relates to forced labour and child labour is to avoid causing or contributing to adverse impacts on society, and the environment, and to try to prevent impacts to operations, products and services.
- Due diligence involves multiple processes and objectives - The concept of due diligence under the OECD Guidelines involves interrelated processes to identify potential impacts, prevent and mitigate impacts, track implementation and results and communicate on how adverse impacts are addressed with respect to an enterprises' own operations, their supply chains and other business relationships.
- Due diligence is commensurate with risk (risk-based) - The measures undertaken to conduct due diligence should be commensurate to the severity and likelihood of the

adverse impact.

- Due diligence can involve prioritisation (risk-based) - An enterprise should prioritise based on the magnitude and likelihood of the impact. The process of prioritisation is ongoing, and new or emerging impacts may arise and be prioritised before moving on to less significant impacts.
- Due diligence does not shift responsibilities - Each enterprise in a business relationship has its own responsibility to identify and address adverse impacts.
- Due diligence is appropriate to an enterprise's circumstances - The nature and extent of due diligence can be affected by factors such as the size of the enterprise, the context of its operations, its position in supply chains, and the nature of its products or services.
- Due diligence can be adapted to deal with the limitations of working within business relationships - Enterprises may face practical and legal limitations to how they can influence or affect business relationships to cease, prevent or mitigate adverse impacts on responsible business conduct issues or remedy them. Enterprises may not have the market presence or power to influence their business relationships.

## DUE DILIGENCE PROCESS AND SUPPORTING MEASURES



Excerpt is from the OECD "Due Diligence Guidance for Responsible Business Conduct" (2018)

## **MEASURES TAKEN TO REMEDIATE**

MSA is not aware of any forced labour or child labour in our direct or indirect supply chain. Accordingly, no action has been taken to remediate any forced labour or child labour.

## **STEPS TAKEN TO PREVENT OR REDUCE THE RISKS OF FORCED LABOUR AND CHILD LABOUR IN THE PREVIOUS FISCAL YEAR**

MSA does not manufacturer products or directly import products into Canada. In the coming fiscal year, MSA will continue the development of policies and procedures designed to monitor our suppliers for responsible business conduct.

## **TRAINING**

MSA is developing training for employees who purchase goods and services for the Company to reduce the risk of purchases from suppliers who do not follow responsible business conduct.

## **ASSESSING THE EFFECTIVENESS OF OUR PROCEDURES**

MSA is developing policies and procedures to assess the effectiveness of its procedures to monitor, detect and take appropriate action in respect of irresponsible business conduct of its suppliers.

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## **ATTESTATION**

This report is for 402028 B.C. Ltd., 0932594 B.C. Ltd. and 0932591 B.C. Ltd., as a single reporting unit.

In accordance with the requirements of the Act, I attest that I have charged those responsible for governance and control of the companies to have reviewed the information contained in this report. Based on their knowledge, and their 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.

I, Stanley Alldritt, Director, have the authority to bind 402028 B.C. LTD., and subsidiaries.



May 31, 2024