May 2024

Supply Chains Act - Report AVR Enterprises Ltd.

1. Introduction

This report is made on behalf of AVR Enterprises Ltd. ("Company") and describes the actions taken by the Company during the financial year ending December 31, 2023 to assess, prevent and reduce the risk that forced labour or child labour is used at any step in its operations and supply chains pursuant to the requirements of section 11 of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* ("Act"). This Report constitutes the first report prepared by the Company under the Act. While the Company itself does not carry out any activities that would characterize it as an Entity under the Act, certain of its subsidiaries do and in that respect the Company is considered an Entity. No one subsidiary of the Company meets two of the three thresholds tests of assets, revenue or employees, however on a consolidated group basis certain thresholds are met and accordingly the Company is filing this report.

2. Structure, Activities and Supply Chains

The Company is an Alberta incorporated holding corporation based in Calgary, Alberta, with subsidiaries based in Calgary, Alberta. One subsidiary of the Company is involved in joint ventures relating to real estate and hotels. These joint ventures have been considered in this report although none of them is in the primary business of producing, selling or distributing goods. All hotels are operated by third party managers. Any purchase and sale of goods would be incidental to hotel operations which are primarily supply use of hotel rooms. Hotels are operated under a franchise system and the manager complies with franchise requrements.

The primary subsidiary entities that are involved in the sale or goods are automobile dealerships in Calgary, namely Southside Motors Ltd., Northside Motors Ltd. and 771922 Alberta Inc. (collectively the "Automotive Subsidiaries"). Each of these corporations are wholly owned by the Company and operate franchised Mazda dealerships. None of these corporations in themselves meet two of the threshold tests. Collectively they contribute to the Company meeting the threshold tests for Revenues and Assets.

The Company's Automotive Subsidiaries specializes in the retail sale of motor vehicles and parts as well as comprehensive vehicle servicing and repairs Each Automotive Subsidiary has entered into a Dealer Sales and Service Agreement with Mazda Canada Inc. Pursuant to these agreements, the operations of each Automotive Subsidiary are governed strictly by Mazda Canada Inc.

As a dealer of new and used vehicles and their parts, our supply chain is primarily based on the supply chain of automotive manufacturers. Specifically, as an authorized Mazda dealer, the vast majority of the Company's procurement spend is with Mazda Canada Inc. We have been provided with a report by Mazda Canada Inc. to be submitted for the purposes of the Act for the financial year April 2023 to March 2024 (copy attached). We have also been provided with the Mazda Human Rights Policy (copy enclosed) dated August 10 2023.

We also purchase goods and services from other third-party suppliers. The majority of these purchases are from local suppliers who in turn may be sourcing goods and services indirectly from third party suppliers. There is no one significant supplier and the dollar quantum is not

significant for any one supplier. These goods and services include office supplies, cleaning supplies, parts and accessories and other normal procurement in operating a local business.

3. Policies and Due Diligence Processes

The Company understands the importance of protecting human rights and is committed to protecting the rights of all people, and is further supportive of Canada's international commitment to contribute to the fight against forced labour and child labour with the objective of eradicating modern slavery.

To this end the subsidiaries of the Company to which it has operational control (ie. the Automotive Subsidiaries) have workplace policies in place for employee standards of conduct, health and safety, workplace harassment and termination of employment.

The Automotive Subsidiaries are working towards a review of significant third-party suppliers other than Mazda Canada Inc. to establish procurement protocols where procurement is not *de minimus*. We are also undertaking a gap analysis of current polices and procedures against the Act.

4. Assessment of Forced Labour and Child Labour Risks

The Company has not independently engaged in its own risk assessment with regards to forced labour or child labour in its supply chain. As the majority of the Company's supply chain is based on the supply chain of Mazda Canada Inc., it relies on the assessment undertaken by Mazda Canada Inc. with regards to the extent of this risk.

We note that Mazda Canada Inc. is part of a global organization and are aware of initiatives already taken by the wider corporate group that we anticipate will be mirrored as appropriate for Mazda Canada Inc. Examples include those in Appendix A to this Report.

5. Remediation Measures

The Company has not identified any instances of forced labour or child labour in its supply chain, and so no remediation measures have been taken.

6. Remediation of Loss of Income

The Company has not identified any instances where the measures it has implemented to eliminate forced labour or child labour from its supply chain has led to the loss of income, and so no remediation measures have been taken to address this issue.

7. Training

The Automotive Subsidiaries provide ongoing training on workplace safety and human rights within its workforce. The Company will look into adding modules for appropriate staff members involved in procurement that provide training on how to assess any risks in the supply chain relating to human rights including forced labour and child labour.

8. Assessing Effectiveness

The Company has not taken any action to assess its effectiveness in addressing risks of forced labour and child labour in its activities and supply chains.

9. Approval and Attestation

This report has been approved by the Board of Directors of AVR Enterprises Ltd. in accordance with section 11(4)(a) of the Act.

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: Asheet Ruparell

Title: Director

Date: May 29 2024

Signature:

I have the authority to bind AVR Enterprises Ltd.

Appendix A – AVR Enterprises Ltd. submission

Mazda Modern Slavery Statements other jurisdictions

Vehicle Manufacturer

Mazda

Link to Modern Slavery Statement(s)

Mazda Motors UK –Slavery and Human Trafficking Statement 2021-2022

https://www.mazda.co.uk/modern-slavery-statement/

Mazda Australia Pty Ltd Modern Slavery Statement 2023

https://modernslaveryregister.gov.au/statements/15344/

Relevant Reporting Jurisdictions and Summary of Measures Taken

UK – This report addresses local and global policies of Mazda Motors UK
UK – Mazda Motor requires new suppliers to adhere to a Business Partner Code of Conduct, which includes guidelines on promoting labor and human rights within the supply chain. Mazda has established processes to identify and address risks throughout its operations and supply chain. For instance, the European Code of Conduct includes a Speak Up (Whistleblowing) Policy and provides training to all employees. Mazda conducts annual CSR Questionnaire to survey its suppliers. (Page 1 of 1)

Australia – This report addresses local and global policies of Mazda

Australia – Measures taken to date to minimize risks of modern slavery include undertaking review of existing suppliers in renewal and new suppliers in accordance with established procurement protocols, ensuring compliance with company policies; and undertaking a gap analysis of Mazda's current policies and procedures against the Australian Modern Slavery Act. (Page 5 of 6)

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Mazda Canada Inc.
Modern Slavery Report
For the Financial Year: April 2023 - March 2024

This report is made and submitted by Mazda Canada Inc. ("**MCI**" or "**Company**") pursuant to Section 11 of Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act*[1] (the "**Act**") which has been approved by the governing body of MCI.

I. ABOUT MAZDA CANADA INC.

MCI is the exclusive importer and distributor of Mazda motor vehicles, parts, and accessories in Canada, working with a network of 163 independently owned Mazda retailers across the country to promote, sell and service such products. MCI employs approximately 175 people operating through its head office in Richmond Hill, Ontario and its regional offices in Langley, British Columbia and Pointe-Claire, Québec. MCI is a privately held, wholly owned subsidiary of Mazda Motor Corporation who is based in Hiroshima, Japan. The directors of MCI have primary responsibility for the governance of MCI.

With at least $20 million in assets and $40 million in revenue in its last financial year, MCI is an entity that is required to file this report with Canada's Federal Minister of Public Safety. Pursuant to the Act, Mazda has drafted this report to assist in preventing and reducing the risk of forced labour and/or child labour in its supply chain.

II. MAZDA'S STRUCTURE, ACTIVITIES AND SUPPLY CHAINS

MCI is an organization incorporated under the laws of the Province of Ontario, which is governed by a Board of Directors and led by an Executive Team consisting of its President and Chief Executive Officer, Chief Financial Officer, and Chief Operating Officer who oversee the day-to-day operations

[1] *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, S.C. 2023, c. 9.

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of the Company. Underneath the Board and Executive Team are additional levels of management consisting of its Directors, National Managers, and Managers who, in turn, supervise the Company's remaining levels of employees.

MCI has a network of independently owned and authorized Mazda retailers across Canada who, in turn, have each entered into a *Dealer Sales and Service Agreement* outlining each party's respective rights and obligations concerning, among other things, the wholesale purchase, retail sale, and after-sale repair and maintenance services of Mazda products to customers.

Overarching MCI's organization and governance structure is the Company's policies and procedures, culture and values, business processes, and risk management.

Operations

MCI operates primarily as an importer and distributor of Mazda motor vehicles, parts, and accessories with its operations including the workers it employs.

Supply Chain

MCI appreciates that its supply chain constitutes the products and services (including labour) that contribute to the Company's own products and services, including products and services sourced in Canada, the United States, Mexico, or overseas.

MCI has a supply chain made up of several contracted suppliers. Our supply chain relationships include suppliers from the following sectors: Automotive Parts, Consulting Services, Corporate Clothing, Fleet Management, Information Communications and Technology, Logistics and Transport, Marketing, Office Cleaning, Office Supplies, Print and Promotional Goods and Services, Property Services and Travel.

MCI recognizes the products and services that contribute to its own products and services extend beyond those received from direct suppliers. MCI's supply chain also includes products and services used by indirect suppliers.

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III. MAZDA POLICIES AND PROCEDURES

MCI understands the importance of protecting human rights and is committed to protecting the rights of all people, and is further supportive of Canada's international commitment to contribute to the fight against forced labour and child labour with the objective of eradicating modern slavery.

To this end, MCI has established key policies and procedures to assist in protecting human rights, and to encourage conducting business in an open and ethical way. These policies and procedures include the following:

1. Employee Standards of Conduct Policy
2. Workplace Health and Safety Policies and Procedures
3. Workplace Violence and Harassment Policy
4. Termination of Employment Policy.

Currently, MCI is undertaking a review of the following to minimize the risks of modern slavery within Mazda:

- Existing suppliers in renewal and new suppliers in accordance with established procurement protocols, ensuring compliance with company policies; and

- Gap analysis of Mazda's current policies and procedures against the Act.

As detailed in its inaugural Sustainability Report released in February 2024, MCI has adopted a strong, values-driven culture and is actively applying a sustainability framework in Canada designed to deliver meaningful results for our earth, people, and society. The high standards we bring to every aspect of MCI has guided us in several of our social and environmental activities and accomplishments to-date, and are confident that they will continue to do so in our ongoing commitment towards co-creating a more sustainable future including the upholding and enhancement of respect for human rights.

MCI is further aligned with the Human Rights Policy of its global parent company in Japan, Mazda Motor Corporation ("MC"), whereby Mazda globally is committed to upholding, promoting, and

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respecting human rights. Additionally, for the supply chain of Mazda branded products and those partners and suppliers who work with us, the Mazda Supplier CSR Guidelines was created in July 2010. This promotes Corporate Social Responsibility ("CSR") activities among Mazda suppliers and requests total compliance with the laws and regulations of all countries and regions. The guidelines outline six areas such as respect for people including the prohibition of child labour and forced labour, and requests that all Mazda suppliers comply with the guidelines in these areas. MC intends to update its Mazda Supplier Sustainability Guidelines in May 2024.

Contractual Arrangements

Through contractual arrangements and procurement principles, MCI suppliers and contractors are required to comply with Mazda Policies. As part of MCI's assessment for any new supplier working with us, we are working to implement a Business Partner Code of Conduct which details, among other things, how we expect the supplier to operate in relation to promoting labour and human rights within our supply chain, together with the CSR guidelines that suppliers that work with Mazda must follow. Non-compliance with these policies will not be tolerated.

We are further working to implement into MCI's standard terms and conditions the requirement, upon request, that our suppliers promptly confirm in writing to MCI what checks it has done (and steps taken) in respect of its own supply chain to prevent bribery, corruption, and slavery. MCI's standard terms and conditions will also require minimum standards in ethical business practices, safety, and environmental protection.

It is important to differentiate that MC runs the compliance and due diligence process with MCI's indirect suppliers, on behalf of MCI, as MC oversees the governance and manufacturing of Mazda vehicles globally. Similarly, MCI runs due diligence with the suppliers it directly contracts with for services such as Consulting Services, Corporate Clothing, Fleet Management, Information Communications and Technology, Logistics and Transport, Marketing, Office Cleaning, Office Supplies, Print and Promotional Goods and Services, Property Services and Travel.

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Grievance and Feedback

MCI has a number of mechanisms for stakeholders and other third parties to anonymously report suspected or actual illegal activities, breaches of human rights and/or Company policies. One such mechanism is the completion of an annual Global Employee Survey, which allows Mazda employees to anonymously share their concerns.

Grievances can also be received via direct correspondence, social media, or through bodies such as Canada's federal and provincial Human Rights Commissions.

Where concerns are raised, MCI will conduct an investigation in accordance with regulatory requirements and will address any concerns as appropriate. MCI's grievance procedures ensure all grievances are managed and investigated in a comprehensive, timely, and transparent manner.

IV. FORCED LABOUR AND CHILD LABOUR RISKS IN THE OPERATIONS AND SUPPLY CHAINS OF MAZDA

Modern slavery has the potential to exist in supply chains in a number of ways, including by child labour, debt bondage, forced labour, and human trafficking.

MCI therefore recognizes the following risks in its operations and supply chains:

1. Risks that may cause modern slavery practices;
2. Risks that may contribute to modern slavery practices; and
3. Risks that may be directly or indirectly linked to modern slavery practices.

MCI considers the third risk the most likely (if any) that may link MCI to modern slavery practices. MCI is highly aware of the risk that its operations, products, or services may be connected to modern slavery through the activities of another entity MCI has a business relationship with, including those suppliers which maintain a majority of operations outside Canada. These business relationships include all entities in the Mazda supply chain, including entities MCI does not have a contractual relationship with. It also includes all business partners but does not include customers who purchase Mazda products and services.

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MCI considers products and services arising from Office Cleaning and Print and Promotional Good sectors, as well as some subsets of the Vehicle Manufacturing and Parts Supply Sectors, to present the highest risk of modern slavery in Mazda's supply chain. MCI appreciates its most severe modern slavery risks may not align with the volume or cost of the products and services procured.

MCI further recognizes that products and services procured from select countries may constitute some of the highest modern slavery risks. This is due to a variety of factors including some countries maintaining poor governance, weak rule of law, conflict, migration flows, and socio-economic factors such as poverty.

MCI is committed to continually improving how we work with business, government, suppliers, and society to meet moral and ethical obligations to combat modern slavery. MCI is strongly committed to working with its suppliers to eliminate modern slavery from its supply chain.

As a leading vehicle importer and distributor, MCI considers the risk of modern slavery within its direct business operations to be low, particularly when considering that all Mazda products that are imported into and distributed across Canada are overseen from Richmond Hill, Ontario under the supervision of MCI's management and employees. Nevertheless, MCI recognizes that its supply chain and customers can be indirectly exposed to modern slavery risks.

MC works with MCI's indirect stakeholders to identify and understand the impacts of its activities. Due diligence is implemented to prevent and mitigate adverse impacts arising from MC 's activities. This due diligence refers to an ongoing management process to identify, prevent, mitigate, and account for how MC addresses actual and potential adverse human rights impacts in its operations and supply chains.

The due diligence process is initiated by a risk identification and assessment of suppliers prior to any contracting. These measures are discussed in more detail below. MCI being a small/medium Canadian enterprise understands that its ability to use its leverage to minimize modern slavery risks may be limited, particularly when engaging with large conglomerate organizations further down its supply chain.

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V. REMEDIATION MEASURES

MCI is not aware of any confirmed or suspected instances of forced labour or child labour within our supply chain. If any instances of child labour or forced labour are identified, MCI would address them on a case-by-case basis using the tools currently available to MCI, including without limitation the termination of contracts, reporting of illegal activity to law enforcement agencies, and excluding the offending Suppliers from future opportunities to conduct business with MCI if they cannot provide sufficient evidence that forced labour and child labour have been eliminated from their supply chain or business practices.

Key Performance Indicators

MC conducts an annual CSR Questionnaire to survey its suppliers. This aims to establish a system to understand and evaluate the status of CSR implementation across main suppliers. The CSR questionnaire survey was introduced in March 2014 and is performed every year. In March 2017, Mazda analysed the results of the surveys conducted over the past three years and reviewed and revised the questionnaire items and methods, taking into account the changes in society's interest in CSR. In January 2018, MC signed the United Nations Global Compact. This is a voluntary effort by corporations and organizations to be good corporate citizens by exercising responsible, creative leadership and to build a global framework for sustainable growth. Mazda works to uphold the 10 principles of the United Nations Global Compact, including protecting human rights, eliminating all forms of forced labour, undertaking environmental initiatives, and working against corruption. Mazda is committed to contributing to the development of a sustainable society through these activities.

How Mazda Assesses the Effectiveness of Actions

MCI will assess the effectiveness of its actions in comparison to industry standards and practices by conducting an annual executive review of MCI's response to modern slavery.

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VI. LOOKING FORWARD

MCI has set the following priorities for its 2024-2025 financial year:

1. **Reviewing Policies and Procedures** – to review and continue to ensure MCI's current policies and procedures are consistent with the Act.

2. **Contracts Compliance with Policies** – to insert modern slavery compliance requirements in our standard contractual templates and make it clear in procurement process the requirement to be fully compliant with MCI policies which address legal and ethical compliance.

3. **Supplier Code of Conduct** - to create Canada specific Supplier Code of Conduct which suppliers agree to be fully compliant with MCI policies which address legal and ethical compliance.

– SIGNATURES FOLLOW ON NEXT PAGE –

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This Report has been approved by the Board of Directors of MCI. In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in this report for the entity listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in this report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

David Klan

Full Name

President & CEO

Title

5/27/2024

Date

DocuSigned by:
David Klan
35679488D9EE430...

Signature

I have the authority to bind Mazda Canada Inc.

Mazda Human Rights Policy

Mazda believes that respect for human rights is fundamental to its corporate activities and has maintained a stance and commitment not to tolerate any violation of human rights in its corporate activities both within and outside the company. This includes discrimination, prejudice or harassment based on race, nationality, ethnicity, creed, gender, socioeconomic status, family origin, age, mental or physical abilities, sexual orientation, gender identity or other personal attribute. Mazda has formulated this human rights policy based on this principle, and the entire Mazda Group will work together to promote initiatives for respecting human rights as well as improving respect for human rights. This Mazda Human Rights Policy is positioned as the overarching policy regarding human rights in Mazda's business activities and applies to all people working at Mazda.

To ensure the sustainability of its business and society, Mazda is committed to enriching life-in-motion for those we serve and delivering exhilarating experiences to customers by making products, creating connections, and developing human resources that put people first.

1. Commitment to Respect for Human Rights

Mazda regards respect for human rights as a core value of our corporate activities, and makes continuous efforts to uphold and enhance respect for human rights. Mazda respects human rights as set out in the United Nations Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work (ILO core labor standards), and International Conventions on Human Rights, and this Mazda Human Rights Policy defines Mazda's responsibility in respecting human rights. Under the United Nations Guiding Principles on Business and Human Rights, Mazda promotes efforts to implement and practice the basic principles of human rights throughout its group companies.

2. Scope of Responsibility and Governance

This policy applies to all officers and employees of the Mazda Group (Mazda Motor Corporation and its consolidated subsidiaries). Mazda also expects all of its business partners to understand and uphold the principle of respect for human rights and takes active steps to ensure the protection of human rights in their activities. Mazda has established a framework for formulating and implementing this policy under the leadership of the representative director and president, and continuously promotes activities for respecting human rights.

3. Human Rights Due Diligence

Mazda believes that respect for human rights is a core value of our corporate activities, and to fulfill our responsibility to safeguard human rights, Mazda has established and operates a human rights due diligence* system.

*Human rights due diligence: continuous implementation of a cycle of procedures to identify, prevent and reduce adverse impacts on human rights in a company's business activities.

4. Remediation

Mazda will immediately implement appropriate and effective corrective and relief measures if it is found to have caused or contributed to any adverse impact on human rights. Mazda will also establish a relief process for this purpose.

5. Dialogue and consultation with stakeholders

In promoting activities for respecting human rights, Mazda engages in dialogue and consults with internal and external stakeholders including third-party expert organizations.