

# KAWASAKI MOTORS, LTD. /CANADIAN KAWASAKI MOTORS INC.

## Report Prepared Pursuant to

### Canada's Fighting Against Forced Labour and Child Labour in Supply Chains Act

#### 1. Introduction and Identity

This Report is prepared by Kawasaki Motors, Ltd. (“**KM Ltd.**”) and Canadian Kawasaki Motors Inc. (“**CKM**”) (collectively, “**Kawasaki**”, “**our**”, or “**we**”) for the financial reporting year ended March 31, 2024 (the “**Reporting Period**”) and sets out the steps taken to prevent and reduce the risk that forced labour and child labour is used at any step in the production of goods in Canada or elsewhere or of goods imported into Canada.

Kawasaki is a member of the Kawasaki Group (comprised of KM and its subsidiaries) and fully adopt and follow all Kawasaki Group policies regarding human rights.

This Report has been prepared and filed pursuant to Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “**Act**”).

#### 2. Steps Taken to Prevent and Reduce Risks of Forced Labour and Child Labour During the Reporting Period

As part of the KM Ltd.. group, CKM has fully adopted the KHI Code of Conduct for all operations undertaken within Canada.

CKM has also addressed the issue of modern slavery and human trafficking by only employing staff through a recognized employment agency with evidence of a full background check to ensure that they are legally and legitimately free to work within Canada.

The Kawasaki Group also adopted a system in which employees are encouraged to report any wrongdoing, illegal or morally corrupt practices, including slavery and human trafficking. These reports can be made with full anonymity, and in the event of a report being received, all cases are fully and comprehensively investigated.

#### 3. Structure, Activities and Supply Chains

##### Structure:

Canadian Kawasaki Motors Inc. is a wholly-owned subsidiary company of Kawasaki Motors Ltd., a world leading consumer products innovator headquartered in Japan.

##### Activities:

Incorporated in Canada, CKM is the exclusive Canadian distributor of high performance, precision engineered motorcycles, ATV's, side-by-side vehicles and personal watercraft manufactured by KM Ltd.

The motor vehicles and personal watercraft distributed by CKM are wholly supplied by KM Ltd.

## **Supply Chains:**

All goods and parts supplied by KM Ltd. are procured in accordance with KM Ltd.'s stringent Code of Conduct. KM Ltd.'s code of Conduct enshrines CKM and KM Ltd.'s resolute determination to respect human rights connected with labour and employment. CKM and KM Ltd. will not tolerate violations of human rights such as forced labour, child labour and modern slavery. CKM's commitment to human rights extends to any third parties within its supply chain, demanding that all staff consider whether the decisions and actions they take in the course of their work may affect the rights of third parties.

## **4. Policies and Due Diligence Processes**

### **Policies**

#### **A. The Kawasaki Group - Our Basic Stance**

As value chains expand on a global scale, ensuring respect for the human rights of employees, suppliers, and all the other people involved in our businesses has become a more important focus that, in turn, increases the necessity of understanding and dealing with the human rights risks in Kawasaki Group-wide business activities.

The Kawasaki Group has enshrined respect for human rights in its business activities in the Kawasaki Group Code of Conduct and adopted the Kawasaki Group Policy on Human Rights. The Kawasaki Group also supports and respects international rules and norms regarding human rights and labor, including the International Bill of Human Rights, International Labour Organization's core labor standards, the United Nations Guiding Principles on Business and Human Rights.

Additionally, the Kawasaki Group is conducting human rights due diligence aimed at carrying out initiatives to ensure respect for human rights in its business activities.

#### **B. Structure**

The Kawasaki Group policy on Human Rights states that the responsible officer and department for human rights-related management and issues are the director in charge of sustainability and the Sustainability Department, respectively. Based on our sustainability promotion system, the Sustainability Committee chaired by the Kawasaki president and attended by all directors is responsible for deliberating on human rights-related efforts under the board of directors oversight. Regarding day-to-day responsibility, in cooperation with the human resources or compliance divisions in internal companies and subsidiaries, the Sustainability Department monitors human rights risks in its business activities and develops measures against human rights abuses.

#### **C. Prohibition of Child Labor and Forced Labor**

The Kawasaki Group clearly states in its Code of Conduct that it will not tolerate child labor or forced labor, which are global human rights and labor issues. In addition, Kawasaki is a signatory to the United Nations Global Compact, indicating its support of the Compact's 10 principles in the four areas of human rights, labor, environment, and anti-corruption.

Since 2014, we have also undertaken our own initiatives to confirm that forced or child labor is not practiced at any of the Group companies and to declare our commitment that this will remain the case into the future. This style of confirmation and declaration, acknowledged and supported by the Global Compact Network Japan (GCNJ) secretariat, is prepared in line with the “Global Compact Labor Principles and Business Guidelines” and signed by the presidents of all Group companies, including those overseas. The Kawasaki Group adopted Kawasaki Group Sustainable Procurement Guidelines, which cover respect for human rights, and call on suppliers to work with us as a team to uphold these guidelines.

#### D. The Kawasaki Group Policy on Human Rights

##### 4.1 Fundamental Concepts

The Kawasaki Group creates new value for formation of a richer and brighter future society in harmony with the global environment in order to realize our Group Mission Kawasaki, working as one for the good of the planet”. In order to realize the Group Mission, the Group recognizes it is vital that human rights of all stakeholders must be fully respected and that the Group employees must act based on high ethical standards, and the Group will work proactively on the important human rights issues outlined in the Kawasaki Group Human Rights Policy (hereinafter this “Policy”).

##### 4.2 Policies on Human Rights

###### (a) Compliance with laws and international standards

The Group complies with local laws and standards for human rights applicable to the countries and regions the Group conducts its business. In the event of any conflict between the law of a country or region and this Policy, the Group will consider the response to individual cases following this Policy as a guideline. The Group also declares its support and respect for international standards for human rights including (but not limited to) the International Bill of Human Rights (Universal Declaration of Human Rights and International Covenants on Human Rights) that sets out the fundamental human rights of everyone, the International Labour Organization’s (ILO’s) Declaration on Fundamental Principles and Rights at Work that sets out the fundamental rights at work, and the Children’s Rights and Business Principles that stipulate the standards and behavior required to prevent and abolish child labor. Furthermore, in accordance with the UN’s Guiding Principles on Business and Human Rights (hereinafter the “UN’s Guiding Principles”), the Group will fulfill its responsibility for respecting the human rights of stakeholders affected by the Group’s business activities as a signatory company of the UN Global Compact.

###### (b) Important human rights issues

- Prohibition of forced labor and child labor.

The Group does not accept any form of modern-day slavery, including human trafficking and all kinds of forced labor through constraints such as confinement

or debt. The Group also does not accept child labor that puts to work children under the minimum working age outlined in international standards and the laws of the countries and regions the Group conducts its business.

- Prohibition of discrimination and harassment

The Group does not allow discrimination based on race, skin color, beliefs, creed, religion, nationality, ethnicity, social origin, gender, age, disability, gender identity, sexual orientation, marital status, family structure, social status, employment status, etc., or acts that violate the dignity of individuals such as intimidating, offensive, or malicious acts or harassment.

- Diversity and inclusion

The Group will conduct employment opportunities, treatment, training, evaluations, promotions, etc. of its employees fairly and impartially in accordance with the law, and will facilitate the creation of a workplace culture that respects the diversity of individuals, allowing human resources with a wide range of abilities, values, and ideas to demonstrate their full potential and play an active role in the Group's success regardless of gender, age, nationality, disability, etc.

- Approving freedom of association and the right to collective bargaining

The Group respects employees' freedom of association and freedom of collective bargaining, recognizes the freedom of legitimate union activities of unions and union members, and does not subject employees to disadvantage due to legitimate union activities. Employees and the Group will both engage in discussions on topics such as important working conditions and state of management in good faith.

- Ensuring a safe and healthy working environment

The Group will establish a workplace culture that prioritizes health and safety to realize a safe and comfortable work environment where its employees can work with good physical and mental health. As well as guaranteeing a minimum wage based on international standards and the laws of the countries and regions the Group conducts its business, the Group also manages working hours appropriately and guarantees its employees' right to take leave.

#### 4.3 Positioning and scope

This Policy supplements the Kawasaki Group Mission Statement and the Kawasaki Group Code of Conduct, indicates the Group's commitment to respect for human rights and has been decided with an approval of the Kawasaki's Board of Directors. This Policy applies to all officers and employees, temporary contract employees and agents of the Group (hereinafter the "Officers and Employees").

The Group acknowledges that it is important that this Policy shall be implemented by its suppliers as well. Through this Policy and the Kawasaki Group Sustainable Procurement

Guidelines, the Group requests its business partners including its suppliers, contractors and agents to respect and comply with similar principles.

#### 4.4 Responsibility for human rights and management

The Sustainability Department of Kawasaki Heavy Industries, Ltd. is the function responsible for human rights risks related to the Group's business activities and its supply chains, and the executive officer in charge of Sustainability assumes the supervisory responsibility.

The Group follows a comprehensive approach to management of human rights indicated in the UN's Guiding Principles, including (but not limited to) commitment by policies, conduct of human rights due diligence, response to results, and the Group evaluates risks of negative impacts on human rights caused by its business activities in accordance with the UN's Guiding Principles.

In case that any human right risk is located in its business activities and supply chains, the Group shall prioritize such risk, and determine how to respond to it.

#### 4.5 Education

The Group provides officers and employees with adequate education in an effort to prevent any negative impact on human rights.

#### 4.6 Dialogue

The Group conducts a dialogue and discussion with related stakeholders about the measures to respond to potential and actual impacts on human rights.

#### 4.7 Correction and remedy

When the Group discovers that it has caused any negative impact on human rights or has been involved in such case, the Group will endeavor to correct such impact through appropriate procedures.

#### 4.8 Information disclosure

The Group will continually disclose its efforts and initiatives on respect for human rights through its website and/or report.

### **Due Diligence**

#### Human Rights Risk Assessments and Impact Assessments

In fiscal 2018, the Kawasaki Group implemented human rights risk assessments and impact assessments of its main businesses in cooperation with the U.S.-based nonprofit Business for Social Responsibility (BSR).

In implementing these risk assessments and impact assessments, Kawasaki referenced international rules and principles regarding human rights, namely, the Universal

Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the International Bill of Human Rights, and the United Nations Guiding Principles on Business and Human Rights.

As a result of the risk assessments and impact assessments, we found that the following nine areas in particular present significant human rights risks.

- Safety and health of employees
- Safety and health at manufacturing sites
- Child labor at manufacturing sites
- Forced labor at manufacturing sites
- Safety and health in supply chains
- Wages, benefits, and work hours in supply chains
- Child labor in supply chains
- Forced labor in supply chains
- High-risk customers

In light of the above results, the Kawasaki Group formulates and implements risk reduction measures for key risks within the Group and in the supply chain. Specifically, utilizing SAQ made by Kawasaki to address the five sections stipulated in the RBA Code of Conduct (Labor, Health and Safety, Environment, Ethics, Management Systems), we actively monitor overseas Group companies located in countries where human rights risks are considered high. In fiscal 2022, the Kawasaki Group performed checks utilizing the SAQ, and held online meetings, with six Group companies located in India, Indonesia, the Philippines, Thailand, and Brazil. The Kawasaki Group also implemented monitoring for Group companies in a sequential manner in fiscal 2023, and will, in addition, actively consider measures for the supply chain in accordance with a risk-based approach.

## **5. Forced Labour and Child Labour Risks and Steps Taken to Assess and Manage**

CKM assesses the risk of modern slavery within its Canadian operations to be extremely low. CKM adheres fully to Canada's stringent anti-slavery legislative framework and holds a zero-tolerance policy toward any human rights violations in the workplace. The strong oversight and regulation provided by Governments within Canada, and low risk of modern slavery within the nation results in an extremely low risk of modern slavery within CKM's Canadian operations.

CKM also recognizes the risk associated with modern slavery within global supply chains. CKM considers the risk of modern slavery within its supply chain as low. The high-skill manufacturing capabilities required in the machining and assembly of the powersport products sold by CKM equate to a low inherent risk of modern slavery within the supply chain of the company. With products manufactured in nations such as Japan and the USA, CKM considers the geographical risk associated with the supply of its powersport products as low. CKM refuses to be complacent regarding modern slavery risks within its supply chain and undertakes consistent action to ensure its supply chain remains free of modern slavery and human rights abuses.

CKM and KM Ltd. acknowledge the risk of complacency in relation to matters of modern slavery and commit to continuing these actions into the future.

## **6. Remediation Measures**

To CKM's knowledge, it is not aware of any forced labour or child labour in its activities and supply chains, and consequently no remediation measures were undertaken.

## **7. Remediation of Loss of Income to the Most Vulnerable Families**

To CKM's knowledge, it is not aware of any forced labour or child labour in its activities and supply chains. Accordingly, CKM has not undertaken any remediation measures to address any loss of income to vulnerable families resulting from measures taken to eliminate the use of forced labour or child labour in our activities and supply chains.

## **8. Training**

CKM does not currently provide training to employees on forced labour and/or child labour. It does require employees to review the Code of Conduct on an ongoing basis.

## **9. Assessing Effectiveness**

To assess the effectiveness of CKM and KM Ltd.'s variety of anti-modern slavery actions, surveys of suppliers will continue. These surveys will allow CKM to evaluate progress made in modern slavery risk reduction. The continuation of these supplier surveys will also allow CKM to address any risks of modern slavery in the supply chain that may arise in the future.

By encouraging suppliers to initiate whistleblowing within their corporations, CKM can maintain a realistic understanding of the effectiveness of their anti-modern slavery efforts globally and address any supply chain concerns raised by whistle-blowers.

CKM and KM Ltd. will continue to engage in dialogue with their suppliers, outlining expectations and requesting feedback regarding the operation of anti-slavery measures within the operations of suppliers.

**10. Approval and 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 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.

Date:  (signature)


Name: Keisuke Goto

Title: President

I have authority to bind the corporation.

The Report was approved pursuant to subparagraph 11(4)(b)(i) of the Act by the Board of Directors of Canadian Kawasaki Motors Inc. on May <sup>30</sup>, 2024.

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 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.

Date:  (signature)

Name: S. Kamitani

Title: General Manager of Control Division

I have authority to bind the corporation.

The Report was approved pursuant to subparagraph 11(4)(b)(i) of the Act by the governing body of Kawasaki Motors, Ltd. on May , 2024.