



Gary and Ingrid Eaves (2023) Family Trust

2023 Report under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*

May 31, 2024



Table of Contents

Background	3
1. Steps Taken by Entity	4
2. Structure, Activities, and Supply Chains	5
3. Policies & Due Diligence.....	6
4. Risk Assessment	6
5. Remediation - Forced & Child Labour.....	7
6. Remediation - Vulnerable Family Income Loss.....	8
7. Awareness Training.....	8
8. Ensuring Effectiveness of Processes	8

Background

This report (the “report”) is made on behalf of Gary and Ingrid Eaves (2023) Family Trust and certain of its subsidiaries listed below (collectively, “Eaves”, “we”, “us” or “our”) pursuant to Section 11(1) of the Fighting Against Forced Labour and Child Labour in Supply Chains Act (“Bill S-211” or the “Act”) covering our most recently completed fiscal year from January 1, 2023 to December 31, 2023. This is the first version of the report submitted by Eaves.

Forced labour can be found in almost every country and every sector. The International Labour Organization estimates that there are approximately 27.6 million victims of forced labour worldwide. Forced labour and child labour risks occur primarily through the global supply chains of businesses. As such, there is a risk that goods imported into and distributed in Canada were produced with forced labour or child labour. Entities and government institutions doing business in Canada have a responsibility to ensure that exploitative labour practices are identified, addressed, and eradicated from supply chains. Based on the Act, there are eight mandatory areas that must be reported:

1. The steps the entity has taken during its previous financial year to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods in Canada or elsewhere by the entity or of goods imported into Canada by the entity.
2. Its structure, activities, and supply chain(s).
3. Its policies and due diligence processes in relation to forced labour and child labour.
4. The parts of its business(es) and supply chain(s) that carry a risk of forced labour or child labour being used and the steps it has taken to assess and manage that risk.
5. Any measures are taken to remediate any forced labour or child labour.
6. Any measures are taken to remediate the loss of income to the most vulnerable families that result from any measure taken to eliminate the use of forced labour or child labour in its activities and supply chains.
7. The training provided to employees on forced labour and child labour.
8. How the entity assesses its effectiveness in ensuring that forced and child labour are not used in its business(es) and supply chain(s).

1. Steps Taken by Entity

To address the requirements of Bill S-211, the following steps have been undertaken by Eaves to identify and manage risks associated with forced labour and child labour in our businesses and supply chains:

Step 1 - Assess Applicability

Our work commenced with a kick-off meeting involving Eaves' accounting and supply chain departments and an independent consulting firm, where the applicability of the Act was thoroughly discussed, and initial activities such as identifying key board members, management, and personnel; obtaining necessary documentation; and developing a draft timeline for the required analysis, and ultimately for report preparation was completed.

Step 2 - Scope Identification

Management conducted an assessment and identified relevant business areas by analyzing Eaves' financial statements and other data to understand transaction streams and accounts related to our supply chain, both at a consolidated level and individual business entity level. We documented Eaves' business structure, related activities, and reviewed existing policies and processes concerning forced labour and child labour within our operations and supply chain.

Step 3 - Risk Assessment

We reviewed our supply chain data, analyzed suppliers, expenditures, and categories of goods across various jurisdictions, and conducted a preliminary analysis of significant suppliers in high-risk areas to assess relationships and financial flows. Following this, we prepared a comprehensive risk assessment categorizing potential exposure levels in Low, Medium, and High-risk categories with respect to forced or child labour. Factors that were considered in our risk assessment included the significance of spending; category(ies) of goods and origin (jurisdiction) of the suppliers and the origin of their goods.

Step 4 - Remediation and Action Plans

Based on the results of our risk assessment (please refer to Section 4 for details), no suppliers were identified as posing a High or Medium risk. As a result, there is no need to develop or implement any remediation efforts.



2. Structure, Activities, and Supply Chains

The entities covered in this Bill S-211 report for Eaves include:

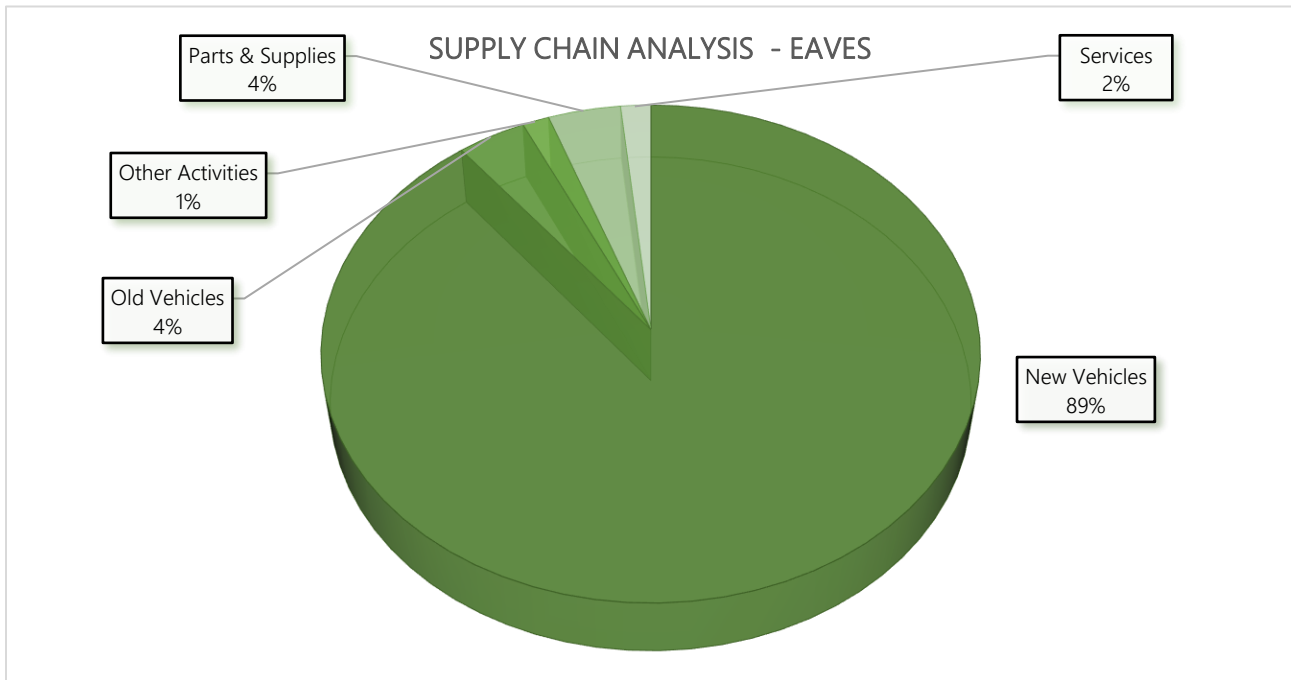
- Gary and Ingrid Eaves (2023) Family Trust
- Eaves Motor Sales Ltd., a limited company controlled by Gary and Ingrid Eaves (2023) Family Trust
- Kel-Rob Holding Ltd., a limited company controlled by Gary and Ingrid Eaves (2023) Family Trust

On a consolidated basis, Gary and Ingrid Eaves (2023) Family Trust and the above-mentioned two subsidiaries (collectively, “Eaves”) meet the conditions for Bill S-211.

Located in Nanaimo, BC, Eaves Motor Sales Ltd. is engaged in the sale of new vehicles and parts under a dealership agreement with Toyota Canada Inc. as well as the sale of used vehicles. Kel-Rob Holding Ltd. holds real properties for Eaves.

Eaves’ supply chain is sourced from Canada, thus inherently carrying a lower risk of forced labour or child labour, based on publicly available sources (e.g., Walk Free’s Global Slavery Index; US Department of Labor’s List of Goods Produced by Child Labor or Forced Labor, etc.). For fiscal year 2023, Eaves incurred over \$50 million in supply chain spend, which primarily consisted of the following:

- New Vehicles (89%)
- Used Vehicles *(4%)
- Parts & Supplies (4%)
- Services (2%)
- Other Activities**(1%)





* Used Vehicles – Buyback of vehicles previously sold by Eaves and other used vehicles from private owners with no specific vendor.

**Other activities refer to other services such as logistic services and office-related services, other supplies such as shop supplies, cleaning supplies, and other office-related supplies, etc.

3. Policies & Due Diligence

Currently, Eaves has the following policies and due diligence procedures in place in relation to forced labour and child labour:

1. **Supplier Code of Conduct:** The majority of our supply chain is sourced from Toyota Canada Inc.. As such, Eaves relies on Toyota Canada Inc.'s policies and procedures to ensure the compliance related to forced labour and/or child labour in our full supply chain. In addition, Eaves has also developed its own Supplier Code of Conduct which outlines the standards we expect from the supply chain partners, ensuring that suppliers, subcontractors, and subsidiaries align with Eaves' values across various external domains.
2. **Employee Manual:** The document includes the behavioral expectations of employees and their rights and responsibilities. Though forced labour and/or child labour are not explicitly stated within the document, aspects and clauses of the document speak directly to working hours, overtime, ethic, equity, respectful treatment, and behavior of employees, etc. The document also includes a Code of Conduct which outlines conducting work in an ethical and professional manner and expected behavior. Eaves also commits to a harassment-free work environment where all representatives are treated with respect and dignity, and where candidates and employees are free from any form of discrimination.

4. Risk Assessment

To assess and manage the risks associated with forced and child labour, Eaves employed a systematic approach for classifying suppliers into low, medium, and high-risk categories. This involves evaluating a combination of multiple factors, including the origin of goods, the category of goods, and the significance of spend.

Origin of Goods

All Eaves' suppliers are based in Canada, which is considered a low-risk country concerning forced labour and child labour.

The risk assessment of the origin of goods references, amongst other publicly available data, the US Department of Labour (<https://www.dol.gov/agencies/ilab/reports/child-labor/list-of-goods/supply-chains>).

Category of Goods

Management assessed the category of goods based on the following considerations:

- **New Vehicles:**

New Vehicles procurement constitutes close to 90% of Eaves supply chain activities by spend, Toyota Canada Inc. ("TCI") is the only supplier of new vehicles for Eaves, and management also reviewed the Report on Efforts to Prevent & Reduce the Risk of Forced & Child Labour in Supply Chains from TCI published on April 19, 2024. Based on the report, TCI can reasonably be considered at low risk for forced labour & child labour, the associated risk for Eaves is evaluated as low.



- **Used Vehicles:**

Used vehicles are buyback vehicles from Eaves' customers and used vehicles acquired from private owners, primarily within the local British Columbia market.

- **Parts & Supplies:**

Suppliers that provide spare parts, accessories, service equipment, and shop supplies, categorized under Parts & Supplies, are assessed as low risk. This low-risk assessment is supported by the suppliers' business operations being located within Canada – generally within the geographic region surrounding Eaves.

- **Services:**

Suppliers involved in services, such as insurance, courier, logistics services, office-related services, and other supplies such as shop supplies, cleaning supplies, and other office-related supplies for Eaves are deemed to have a low risk. This assessment is based on the fact that these service providers operate and are rendered within Canada.

The risk assessment of the category of goods references the US Department of Labour

<https://www.dol.gov/agencies/ilab/reports/child-labor/list-of-goods>

Spend

The spend risk rating utilizes stratification of spend per vendor into three intervals to assess the significance (and accordingly, risk level) associated with supply chain expenditures. This approach enables management to prioritize oversight and control, ensuring that higher-risk financial activities receive the appropriate level of scrutiny. The classification is as follows:

- Expenditures that are equal to or less than 1% of the total annual supply chain spend are considered low risk.
- Expenditures that fall between 1% and 5% of the total annual supply chain spend are classified as medium risk.
- Expenditures that equal or exceed 5% of the total annual supply chain spend are deemed high risk.

Other factors

Other factors considered for the risk assessment included, but were not limited to:

- Small Local Business (Low Risk): These are locally operated small businesses known for their transparent supply chains, attributable to their small scale and emphasis on regional community engagement.
- Publicly Traded Company (Low Risk): These suppliers belong to publicly traded companies that are subjected to rigorous reporting standards, fostering greater transparency.
- Long-term Partner (Low Risk): Supplier with whom FPP has maintained a long-term relationship, consistently proving their commitment to ethical labour practices.
- Suppliers with Unionized Workforces (Low Risk): Suppliers that have their workforce represented by labour unions are recognized for their advocacy of workers and human rights.

Based on our comprehensive risk assessment, management evaluated all Eaves' suppliers to develop this report. The assessment revealed that **NONE** of the suppliers pose a high or medium risk of forced labour or child labour.

5. Remediation - Forced & Child Labour

To date, Eaves has not identified any suppliers as medium or high risk. All are considered low risk for exposure to forced labour and child labour. Consequently, there are currently no remediation efforts required.



Should Eaves be made aware of any issues regarding the behaviour or conditions within our supply chain, Eaves is committed to promptly addressing such a situation by entering into discussions with the relevant party, investigating the facts and circumstances, entertaining required corrective actions with the supplier and ensuring such corrective actions are fully implemented.

6. Remediation - Vulnerable Family Income Loss

As noted above, there have been no instances identified by Eaves of forced labour or child labour. As such remediation does not apply.

7. Awareness Training

Currently, Eaves' training programs on relevant topics are outlined below:

During the onboarding process for new employees, Eaves provides training on our Employee Handbook and Code of Conduct Enhancement, which contain aspects related to forced labour and/or child labour through non-discrimination, anti-harassment, and professional behaviour clauses. These trainings are mandatory.

Eaves recognizes the importance of having employees aware of signs of child and forced labour and has identified the opportunity to incorporate training on this during the onboarding process and throughout its existing Personnel Manual and Employee Handbook.

Further, Eaves will offer relevant training to all employees on identifying, assessing, and responding to the risks associated with child labour and/or forced labour within Eaves operations and supply chains. The first training session is scheduled in July 2024.

8. Ensuring Effectiveness of Processes

On May 31, 2024, Eaves completed and reported our initial assessment of Bill S-211, and we remain committed to ongoing reviews of our processes, policies, and practices, including the assessment of our suppliers. This commitment is aimed at aligning with industry best practices and mitigating our risks related to forced and child labour.

Annual Review of Policies and Procedures

An annual review of Eaves policies and procedures related to forced labour and child labour will be conducted, to identify gaps to further strengthen and reduce the risk of occurrence within the activities and supply chains now and into the future.

Employee Handbook and Code of Conduct Enhancement

Employee Manual will be edited to include the Prevention of the risk of forced & child labour in supply chains by the end of 2024.



Supplier Review

On an annual basis, management will review Toyota Canada Inc’s annual reports to address the compliance related to forced labour, and/or child labour.

For other suppliers, management will also conduct a supply chain risk assessment to identify any instances of non-compliance with the policies regarding forced labour and/or child labour.

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.

Gary Eaves

Full Name

Signature

Director and Trustee

May 31, 2024

Title

Date

I have the authority to bind Gary and Ingrid Eaves (2023) Family Trust. This report covers the financial year 2023 and applies to Gary and Ingrid Eaves (2023) Family Trust in terms of the Act.