

May 2024

Pickering Honda

Supply Chains Act - Report

1. Introduction

This is the first report to be filed by Kingston Road Holdings Inc. o/a Pickering Honda and describes the actions taken by Pickering Honda 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 Pickering Honda under the Act.

The Act came into force in Canada on January 1, 2024. Its goal is to implement Canada's international commitment to contribute to the fight against forced labour and child labour through the imposition of reporting obligations on entities producing goods in Canada or elsewhere or importing goods produced outside Canada. The Act is part of a broader global effort to prevent, and combat forced and child labour, an effort that Pickering Honda is committed to.

This report reflects Pickering Honda commitment to implementing and endorsing responsible business practices to prevent and reduce the risk of forced labour or child labour in our supply chains.

As part of its effort to conduct business in an ethical manner, Pickering Honda will therefore not engage in business practices or activities that compromise fundamental human rights including all aspects of modern slavery.

2. Structure, Activities and Supply Chains

Kingston Road Holdings Inc. o/a Pickering Honda is a corporation based in Pickering, Ontario and specializes in the retail sale of motor vehicles and parts as well as comprehensive vehicle retail servicing and repairs.

As a dealer of new Honda vehicles and used vehicles and their parts, our supply chain is primarily based on the supply chain of automotive manufacturers. Specifically, as an authorized Honda dealer, the majority of Pickering Honda's procurement spending is with Honda Canada Inc.

Supply Chains: Honda Canada Inc. (HCI)

For more information regarding Honda Canada Inc., please review the below report:

https://www.honda.ca/Content/honda.ca/a046c435-b1ed-4c6b-9dd5-33987d336bd7/GenericContent_FFH/2024/Canada_Forced_and_Child_Labour_Report_May15_2024_EN.pdf

3. Policies and Due Diligence Processes

Pickering Honda is committed to conducting its operations ethically and responsibly. We recognize our responsibility to ensure that the products we sell and services we provide are free from any forced labour and child labour components. This policy outlines our commitment to preventing and mitigating the risks of forced labour and child labour within our supply chain and is designed to increase transparency and accountability in business practices and to help prevent exploitation of workers.

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.

What is our Policy?

Pickering Honda acknowledges that the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* aims to increase industry awareness and mandates transparency in supply chains to prevent products made with forced or child labour from entering the Canadian market. We are committed to complying with this legislation and ensuring that our supply chain is free from such labour practices.

Communication

Pickering Honda will communicate this policy to all relevant stakeholders, including employees, suppliers, and customers. We will also provide transparent information about our efforts to prevent forced labour and child labour within our supply chain.

Summary

Non-compliance with labour laws poses significant risks to companies, including legal penalties, damage to a company's reputation, and loss of customer trust. By actively fighting against forced labour and child labour, businesses can mitigate these risks and demonstrate their commitment to responsible practices.

Many companies operate within global supply chains, where the risk of labour exploitation can be higher. There is a risk that goods imported into and distributed in Canada were produced with forced labour or child labour. Upholding labour laws and implementing measures to combat forced labour and child labour can strengthen relationships with suppliers, fostering a more sustainable and ethical supply chain ecosystem.

Entities and government institutions doing business in Canada have a responsibility to ensure that exploitative practices are addressed and removed from their supply chains.

What is our process?

- a) **Supplier Assessments:** Pickering Honda will conduct assessments of all current and potential suppliers to evaluate their labour practices. This assessment will include a review of their policies, procedures, and compliance with relevant labour laws and regulations.

- b) **Supplier Audits:** Periodic audits will be conducted on high-risk suppliers to ensure compliance with our standards and applicable laws. These audits may be conducted internally or by third-party auditors.
- c) **Risk Assessment:** We will conduct regular risk assessments of our supply chain to identify and address any potential risks of forced labour or child labour. This assessment will consider factors such as geographical location, industry sector, and known risks within the supply chain. Regular due diligence and risk assessments are essential for identifying and mitigating the risks of non-compliance.
- d) **Supplier Contracts:** Contracts with suppliers will include clauses requiring compliance with labour laws, including provisions prohibiting forced labour and child labour. Suppliers will be evaluated to ensure they also adhere to labour laws and ethical standards.
- e) **Training and Awareness:** Pickering Honda will provide training to employees on identifying and preventing forced labour and child labour within the supply chain. Training and awareness on the Fighting Against Forced Labour and Child Labour in Supply Chains Act are essential components of a comprehensive strategy to combat modern slavery effectively, promote ethical business practices, and protect human rights.

Honda Canada Inc. Policies: Policies and Due Diligence Processes in Relation to Forced and Child Labour

Honda Group's ESG Data Book

Honda is committed to ensuring that each person involved in the development, manufacture, distribution, sale, and service of its products is treated with dignity and respect, which includes the prohibition of forced and child labour. The Honda Group discusses such efforts in its ESG Data Book, published annually. The most recent version of the ESG Data Book can be found at https://global.honda/en/sustainability/cq_img/report/pdf/2023/Honda-SR-2023-en-all.pdf

Honda's Code of Conduct

Honda's Code of Conduct applies to all Honda Group personnel. First published in 2003, the Code of Conduct requires Honda personnel to act in a way that allows Honda to strengthen its position as "a company that society wants to exist". Honda's Code of Conduct is publicly available for download on its global website: https://global.honda/en/about/assets/codeofconduct/pdf/HondaCodeofConduct_en.pdf

Honda's Human Rights Policy

Based on its core philosophy of "Respect for the Individual", Honda has formulated a global Human Rights Policy to fulfill its responsibility to respect the human rights of stakeholders affected by its business activities. Honda's Human Rights Policy is publicly available for download at https://global.honda/en/sustainability/human_rights_policy/. The Human Rights Policy explicitly prohibits the use of forced and child labour stating: "We respect each individual's fundamental human rights and do not allow forced labor or child labor of any form, including human trafficking." Honda is committed to respecting human rights that are set out in the International Bill of Human Rights and the ten ILO core conventions as set out in the Declaration on Fundamental Principles and Rights at Work. In addition, Honda supports the

United Nations Guiding Principles on Business and Human Rights and endeavors to practice these principles in business activities.

Honda's North American Region Compliance & Ethics Policy

Honda NA is subject to Honda's North American Region Compliance & Ethics Policy which is publicly available for download at https://www.honda.ca/Content/honda.ca/a046c435-b1ed-4c6b-9dd5-33987d336bd7/GenericContent_FFH/2018-10-Oct/Appendix%201%20-%20North%20American%20Compliance%20and%20Ethics%20Policy%20-%20Limited%20contact%20page.pdf

Honda NA's Compliance & Ethics Policy requires its employees to follow all applicable laws and regulations in carrying out their responsibilities.

Honda Corporate Responsibility Statement

As part of the North American effort to embody the Honda ideals of being “a company that society wants to exist”, Honda entities in North America have developed an approach to conducting business that seeks to uphold key principles and responsibilities of good corporate citizenship. This approach, reflected in the Honda Corporate Social Responsibility (“CSR”) Statement, available at <https://csr.honda.com/longform-content/honda-corporate-responsibility-statement/>, includes a commitment to ensuring that the individuals building Honda products and components and providing services to our company are afforded responsible working conditions, and are treated with dignity and respect. The CSR Statement confirms that children who do not reach the legal age for work in each country and region shall not be hired, and that no form of human trafficking, forced, bonded (including debt bondage) or indentured labour, slavery or trafficking of persons will be tolerated. This includes, but is not limited to, transporting, harboring, recruiting, transferring or receiving persons by means of threat, force, coercion, deception, abduction or fraud for labour services.

4. Assessment of Forced Labour and Child Labour Risks

Pickering Honda has not independently engaged in its own risk assessment with regards to forced labour or child labour in its supply chain. As the majority Pickering Honda's supply chain is based on the supply chain of Honda Canada.

Pickering Honda relies on the assessment undertaken by Honda Canada regarding the extent of this risk. You can review the full Honda Canada Inc. report here.

https://www.honda.ca/Content/honda.ca/a046c435-b1ed-4c6b-9dd5-33987d336bd7/GenericContent_FFH/2024/Canada_Forced_and_Child_Labour_Report_May15_2024_EN.pdf

5. Remediation Measures

Pickering Honda 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

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

7. Training

Pickering Honda provides E-learning training covering the following areas:

- a) Introduction to Forced Labour Training
- b) History of Labour Laws in Canada
- c) Fighting Against Forced Labour and Child Labour in Supply Chains Act
- d) Forced Labour Penalties and Enforcement
- e) Steps for Forced Labour Compliance
- f) Conclusion to Forced Labour Training

This training is optional for employees.

8. Assessing Effectiveness

Pickering Honda 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 President of Pickering Honda in accordance with section 11(4)(a) of the Act.

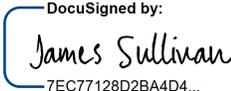
In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above.

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: James Sullivan

Title: President

Date: May 31, 2024

Signature:  7EC77128D2BA4D4...

I have the authority to bind Kingston Road Holdings Inc. o/a Pickering Honda