

## **Musashi Auto Parts Canada Inc.**

### **Forced Labour in Canadian Supply Chains Report**

**Financial Period – April 2023 to March 2024**

#### **Who We Are**

Musashi Auto Parts Canada Inc. (“**Musashi**”) was founded in 1997 in Arthur, Ontario and is an auto parts manufacturer and wholly owned subsidiary of Musashi Seimitsu Industry Co., Ltd. (“**MSI**”), in Toyohashi, Japan. Musashi manufactures automotive parts in linkage and suspension, differential gears and assembly, and camshafts for a variety of market-direct automotive companies.

Musashi operations is comprised of:

- 2 manufacturing plants in Arthur, Ontario (primary location) and 1 technical branch office in Waterloo, Ontario.
- Employs approximately a total of 530 employees.
- Specialization in 5 Product Categories: Suspension, Steering, Crown Gear, Differential, and Camshafts.
- Manufacturing processes in forging, heat treating, machining, assembly, injection molding, additive manufacturing, quality control, metallurgical testing, and technical engineering.
- Research and development processes in product design and product testing.

#### **Our Supply Chains**

Musashi is committed to following the Supply Chain Canada Code of Ethics for Professionals in the field of Supply Chain Management. The Code of Ethics is based on the following fundamentals:

- A. Standards of Conduct
- B. Professional Principles
- C. Governance and Compliance

Musashi has established requirements for suppliers to provide products and/or services in three main categories:

---

#### **Musashi Auto Parts Canada Inc.**

333 Domville Street, P.O. Box 880, Arthur, ON N0G 1A0  
TEL. 519-848-2800 FAX. 519-848-2088  
<https://www.musashiamericas.com>

1. Parts used in production – raw materials, as determined by Musashi Strategic Purchasing Operations,
2. Tooling, machine repair and other; and,
3. On-site services.

Supplier selection and qualification vary for each category and must conform with Musashi and MSI governance requirements.

## **How We Work to Ensure Our Supply Chains Are Free of Forced Labour and Child Labour**

Musashi has identified steps to assess and manage the risk of forced labour or child labour being used in our business or supply chains:

### **1. Our Policies**

Musashi is required to lead and operate an internal control system that ensures compliance with all applicable laws and regulations, as defined by our Internal Control System Basic Policy (“**Internal Control Policy**”; MGP-01-001) and Corporate Compliance and Business Ethics Policy (“**Compliance Policy**”; MGP-01-002).

Our Compliance Policy stipulates that we will respect the human rights and diversity of each individual by prohibiting forced or child labour and taking action to uphold this guideline.

Furthermore, Musashi has established a “**Supplier Code of Conduct**” (OP-PP-CODE OF CONDUCT), requiring our suppliers to adhere to the same ethical standards for conducting business as we do, or similar standards. This document defines the laws and ethical standards of the following:

- Human Rights and Fair Labour Practices
- Health and Safety
- Environment
- Data Protection and Disclosure of Information
- Trade Regulation
- Fair Competition
- Bribery and Corruption
- Business Continuity Planning
- Conflicts of Interest
- Business Partner Dialogue

---

### **Musashi Auto Parts Canada Inc.**

333 Domville Street, P.O. Box 880, Arthur, ON N0G 1A0  
TEL. 519-848-2800 FAX. 519-848-2088  
<https://www.musashiamericas.com>

- Compliance with the Supplier Code of Conduct

Musashi adheres to the fair labour practices outlined in the Employment Standards Act, 2000 ("ESA"), as defined in employees' employment contracts and company handbook. Additionally, our human resources system is configured to identify new hires under the age of 17 years old, an internal guideline set by Musashi for working in manufacturing. This guideline is established above the employment standards' minimum age requirement to ensure the safety of employees and achieve the legal working age for the industry. Furthermore, Musashi may work with temporary help agencies to supply temporary labour as needed and will only use agencies who hold a licence to operate as required under the ESA.

Musashi has a Whistleblower Protection policy (HR-PP-57) that allows employees to disclose any knowledge of actual or intended misconduct, which may be unethical, illegal or fraudulent. These reports are investigated by the Human Resources Management, either independently or with the assistance of a third party. Subsequently, the reports are reported to the MSI internal audit committee.

## 2. **Our Due Diligence Processes**

Our Supplier Code of Conduct establishes the foundation for ensuring that our suppliers meet the requirements before they supply or service Musashi. This process identifies suppliers who can comply with Musashi ethical standards or demonstrate alignment with similar ethical compliance requirements.

Within the Supplier Code of Conduct, Musashi reserves the right, upon reasonable notice, to check compliance with the requirements.

If it is found that there is a breach of obligations stipulated in the Musashi Supplier Code of Conduct, or if suppliers fail to meet their own obligations, Musashi Purchasing will report to Senior Management, Strategic Purchasing Operations, and MSI. Musashi will take appropriate action as necessary, which may involve working with the supplier for improvement depending on the severity of the breach or terminate the business relationship if it is irreparable.

In addition, suppliers involved in the supply chain of how we make our products are monitored monthly by our quality control department. Compliance checks related to the Supplier Code of Conduct may be triggered by Musashi quality assurance verification (QAV) process in response to non-conforming quality standards from the supplier. A QAV procedure is required when a supplier's quality performance falls below the minimum standards as established by Musashi.

---

### **Musashi Auto Parts Canada Inc.**

333 Domville Street, P.O. Box 880, Arthur, ON N0G 1A0  
TEL. 519-848-2800 FAX. 519-848-2088  
<https://www.musashiamericas.com>

### **3. Employee Training on Forced Labour and Child Labour**

Musashi provides an overview of the Compliance Policy regarding its compliance and ethical conduct guidelines during the onboarding process with new hires and will aim to enhance its training efforts on the supplier code of conduct annually.

### **4. How We Monitor Ourselves and Our Suppliers and Assess Effectiveness**

Musashi undergoes business and operational audits by internal control and governance committees, as well as an external audit firm, to assess effectiveness and identify areas for improvement. Any identified areas requiring improvements are addressed with appropriate countermeasures and closed by the auditing team.

Additionally, we monitor ourselves through weekly and monthly reporting on key performance indicators and engage in internal reporting discussions with local and regional senior and executive management. Topics range from safety, quality, customers, suppliers, finance, compliance, environmental, social, governance, and more.

### **We Are Aware of Risks of Forced Labour or Child Labour Use in Global Supply Chains**

At Musashi, we recognize the importance of ethical sourcing and the prevention of forced labour and child labour within our supply chains. As part of our commitment to responsible business practices, we will strive to identify parts of our business operations and supply chains that may pose a risk of forced labour or child labour through our monitoring and auditing measures.

Our goal is to ensure that forced labour and child labour are not utilized in our operations or supply chains. To achieve this, we will prioritize sourcing materials from reputable suppliers who adhere to our Supplier Code of Conduct or similar standards.

Through collaboration and communication, we work to uphold these standards throughout our supply chain and emphasize the importance of ethical and social standards.

### **How We Have Addressed Reported Risks or Use of Forced Labour or Child Labour in our Supply Chains**

Musashi has not encountered such situations to date and therefore has not needed to implement remediation measures. However, should remediation be necessary, we will follow our internal policies, as well as local laws and regulations, to rectify these situations.

---

#### **Musashi Auto Parts Canada Inc.**

333 Domville Street, P.O. Box 880, Arthur, ON N0G 1A0  
TEL. 519-848-2800 FAX. 519-848-2088  
<https://www.musashiamericas.com>

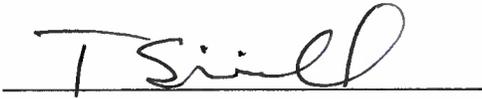
**Attestation**

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 entity 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.

Tracey Sivill

Director

May 30, 2024



Signature

I have the authority to bind Musashi Auto Parts Canada Inc.

---

**Musashi Auto Parts Canada Inc.**

333 Domville Street, P.O. Box 880, Arthur, ON N0G 1A0  
TEL. 519-848-2800 FAX. 519-848-2088  
<https://www.musashiamericas.com>

**References:**

<b>Document Number</b>	<b>Document Name</b>
OP-PP-CODE OF CONDUCT	Supplier Code of Conduct
MGP-01-001	Internal Control System Basic Policy
MGP-01-002	Corporate Compliance and Business Ethics Policy
HR-PP-57	Whistleblower Protection

---

**Musashi Auto Parts Canada Inc.**

333 Domville Street, P.O. Box 880, Arthur, ON N0G 1A0  
TEL. 519-848-2800 FAX. 519-848-2088  
<https://www.musashiamericas.com>