



NORTHSTAR AUTO GROUP

Forced Labour and Child Labour in Supply Chains Northstar Auto Group Assessment

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Introduction

This report is **Northstar Auto Group** (“**Northstar Group**”) response to Bill S-211, An Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff (the Act), sections 11(1) and 11(3).

Northstar Auto Group satisfies the definition of an Entity within the Act by having a place of business in Canada, doing business in Canada, having assets in Canada and meeting both the revenue and asset thresholds.

The financial reporting year of **Northstar Auto Group** covered by this report is January 1, 2023 to December 31, 2023.

Structure, Activities & Supply Chain

Structure

North Star Auto Group

The Group’s principal business activities involve the sale and service of automobiles and the sale of automotive parts. As an authorized Ford and Lincoln dealership, the Company purchases virtually all of its new vehicles and parts inventories from Ford Motor Company of Canada Limited.

North Star Auto Group of Companies consists of 2 entities that operate dealerships in Alberta in the following locations:

Northstar Ford Sales Limited: Northstar Ford Gregoire, Northstar Ford Lincoln (Confed), Northstar Ford Fort Mackay are all located in the Regional Municipality of Wood Buffalo.

Northstar Ford Sales (Calgary) Inc.: Northstar Ford Calgary and Northstar Ford Cochrane are both located in Southern Alberta.

- Northstar Ford in Gregoire purchased in 1997
- Calgary and Cochrane acquired in 2011
- Fort Mackay opened in 2012
- New Confed location opened in 2015

Activities

Individual Consumers: This includes individuals looking to purchase a vehicle for personal use, such as commuting, family transportation, or recreational activities as well as but not limited to the purchase of parts, accessories, and mechanical services.

Fleet Buyers: Businesses or organizations that purchase vehicles in bulk for commercial purposes, such as delivery services, transportation companies, or government agencies.

Leasing Companies: Companies that lease vehicles to individuals or businesses under long-term contracts.

Corporate Clients: Businesses that purchase vehicles for corporate use, such as company cars for employees or executive fleets as well as but not limited to the purchase of parts, accessories, and mechanical services.

Government Agencies: Federal, provincial, or local government entities that purchase vehicles for official use, such as law enforcement, public transportation, or municipal services.

Specialized Markets: Dealerships may also cater to specialized markets, such as luxury vehicle buyers, performance car enthusiasts, or niche segments like electric vehicles or hybrid vehicles.

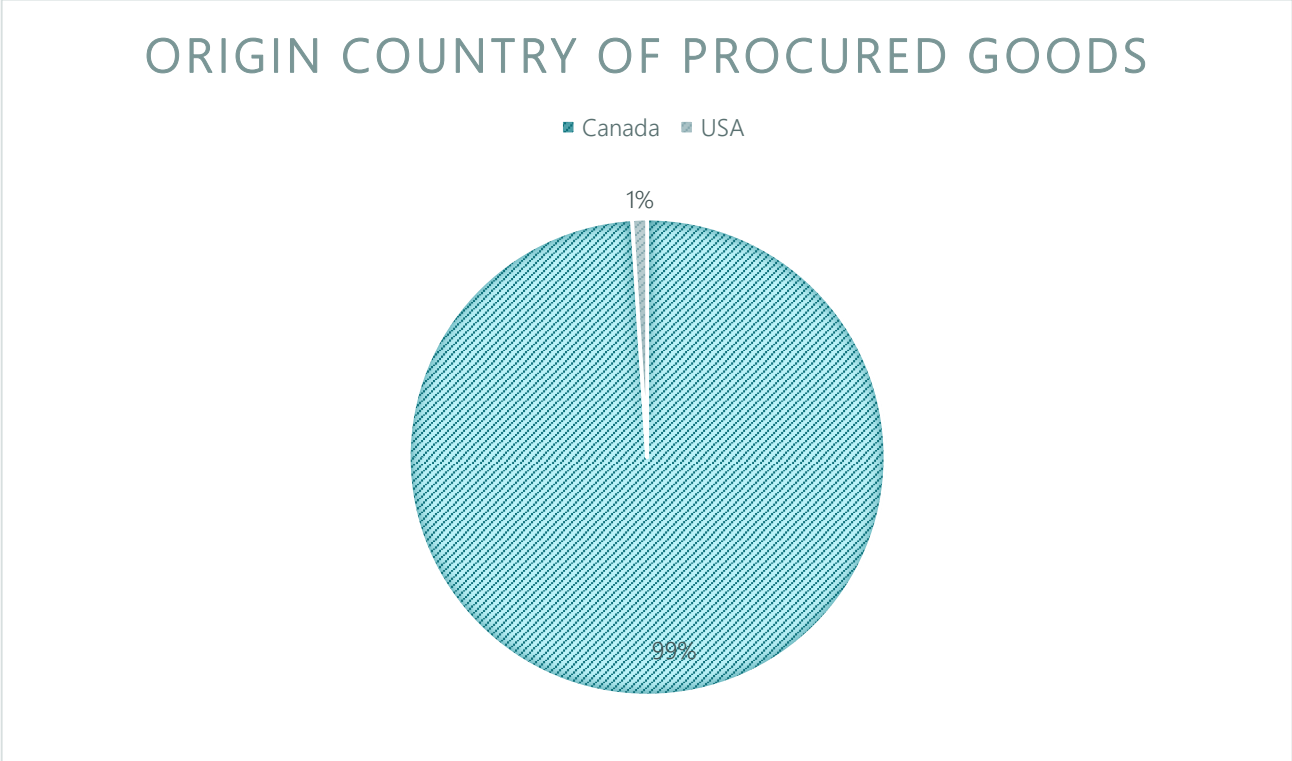
Northstar Auto Group employs 305 people.

Gregoire has 36 employees, Confed has 102 employees, Fort Mackay has 60 employees, Calgary has 84 employees, and Cochrane has 23 employees.

Supply Chain

The main categories of products sold are parts and accessories for mechanical repairs and consumer purchases are mainly purchased through Ford of Canada. Other purchases are from vendors within Canada and USA.

Product categories include but are not limited to parts, tires, windshields, tools, supplies, and equipment.



Policies & Due Diligence Processes

Policy	Description	Support in Mitigating the Risks of Forced Labour and Child Labour
Health and Safety	<ul style="list-style-type: none"> ▪ Implementation of a program for conducting routine health and safety inspections to identify and eliminate unsafe working conditions or practices and control health hazards ▪ Communication of applicable safety objectives to those persons and organizations that Northstar Auto Group owns a responsibility. ▪ Company-wide health and safety policies requiring the investigation of serious incidents to determine its cause; correct the problem and reduce the likelihood of it reoccurring 	<p>By prioritizing health and safety, Northstar Auto Group ensures employees have a secure workplace environment. In such an environment, the risk of exploitation, including forced labour and child labour, is minimized. In addition, emphasizing health and safety also demonstrates broader organizational values, ethical conduct, and transparency within the organization. This transparency can extend to labour practices, making identifying and addressing any instances of forced labour or child labour easier.</p>
Workplace Violence and Harassment	<p>Northstar Auto Group is dedicated to ensuring that employees can complete their duties in a safe environment, without fear of bullying or any harassment or violence related to bullying. As such, Northstar Auto Group will not tolerate and is dedicated to preventing any instance of bullying in the workplace.</p>	<p>Northstar Auto Group highlights the process followed Internally in reporting and addressing workplace violence and harassment events.</p> <p>Therefore, the workplace violence and harassment policy, can be leveraged and adapted in future if an issue were to arise related to forced labour or child labour. The similar framework process is a mechanism in place to identify and alert the</p>

		management/ another role at the Northstar Auto Group who then would tend to the resolution efforts.
Whistleblower	A whistleblower as defined by this policy is a person who reports an activity that they consider to be illegal or dishonest to one or more of the parties specified in this policy. The whistleblower is not responsible for investigating the activity or for determining fault or corrective measures; appropriate management officials are charged with these responsibilities.	<p>Northstar Auto Group highlights the process followed Internally in reporting and addressing safely in event of whistleblower information being communicated.</p> <p>Therefore, with a function of a whistleblower, if an issue were to arise related to forced labour or child labour, a similar reporting process and mechanism will be set in place to identify and alert the management or identify another role of Northstar Auto Group who then would tend to the resolution efforts.</p>
Supplier Onboarding Process / Document	<p>Prequalification: Before onboarding a supplier, conduct thorough due diligence to ensure they meet your criteria for quality, reliability, financial stability, and ethical standards. This may involve background checks, audits, and assessments of their capabilities and track record.</p> <p>Documentation and Contracts: Provide new suppliers with the necessary documentation, such as contracts, terms and conditions, and compliance requirements. Clearly outline expectations regarding pricing, delivery schedules, quality standards, and other relevant terms.</p> <p>Communication: Establish clear lines of communication with the supplier and designate a point of contact for inquiries, updates, and issue resolution. Foster open and transparent</p>	<p>Northstar Auto Group highlights the process internally how a supplier is shortlisted, evaluated and onboarded into the Northstar Auto Group's eco-system as a long-term supplier.</p> <p>The current supplier onboarding framework will be adapted in future to incorporate ensures review and ongoing reporting of on forced labor or child practices, and an review of their practices, especially when operating in industries with inherent risk of forced or child labor exist in their supply chain practices. Additionally, if a</p>

	<p>communication to build trust and collaboration.</p> <p>Training and Support: Provide training and support to help suppliers understand your processes, systems, and expectations. This may include training sessions, documentation, and access to online resources or support channels.</p> <p>Quality Assurance: Implement quality assurance processes to ensure that the products or services provided by the supplier meet your quality standards. This may involve conducting inspections, testing samples, and monitoring.</p>	<p>supplier operates using forced and child labor, the Northstar Auto Group will disqualify them as a supplier.</p>
<p>Procurement Terms and Conditions</p>	<p>Procurement terms and conditions are the legal and operational guidelines that govern the relationship between a buyer and a supplier during the procurement process. These terms and conditions typically cover various aspects of the procurement transaction, including pricing, payment terms, delivery, quality standards, warranties, dispute resolution, and compliance requirements.</p>	<p>Northstar Auto Group existence of such terms and conditions ensures that suppliers are bound to comply with listed product standards and other terms & conditions of the business.</p> <p>Though existing purchase contracts or purchase order terms & conditions do not incorporate supplier compliance with non use of forced labor and child labor practices in production or their supply chain; Northstar and the Procurement Manager / COO will ensure there is adequate reporting and compliance terms built and communicated in new contracts to ensure expected results are achieved.</p>

Supply Chain Risk Assessment

A risk assessment over North Star Fords' country of operation, country of suppliers and types of goods procured has been performed over material direct suppliers. This risk assessment used two separate indices to conclude on inherent risk of child and/or forced labour related to goods and countries - *Walk Free's Global Slavery Index and the US Department of Labor's List of Goods Produced by Child Labor or Forced Labor*.

Goods Procured

There are many goods that are used in North Star Fords' operations as a dealership for Ford. The goods purchased are mainly used for engine repairs, transmission systems, suspension, brakes, electrical systems, and exhaust systems. The main categories are as follows:

1. Iron – High
2. Electronics – Extreme
3. Glass – High
4. Rubber – Extreme
5. Steel – High

A risk assessment on those goods has been conducted and identified an initial inherent risk of forced and/or child labour in each. This does not mean there is child labour or forced labour present in North Star Fords' supply chain, it is rather the inherent potential.

Countries Which Goods Are Procured From

In both Canada and the US, conducting comprehensive supply chain risk assessments involves analyzing a wide range of factors and developing strategies to mitigate identified risks. Collaboration with stakeholders, information sharing, and continuous monitoring are key to effectively managing supply chain risks and ensuring business resilience. Given Canada and US how a major global economic power it is still important to monitor potential risks, especially related to trade relations with other countries. Overall, based on the indices Canada and USA have a low inherent risk of child and forced labour.

Remediation of Forced & Child Labour

Remediation of forced child labor involves a multifaceted approach aimed at addressing the immediate needs of affected children while also tackling the root causes of child labor and promoting sustainable solutions. Here are some key steps and strategies for remediation:

Immediate Removal and Support: The priority is to remove children from situations of forced labor and provide them with immediate support and assistance. This may involve rescue operations, rehabilitation services, and access to healthcare, education, and psychosocial support.

Legislative and Policy Measures: Strengthen legal frameworks and policies to protect children from

forced labor and hold perpetrators accountable. Enforce existing laws, ratify international conventions, and implement measures to combat child labor in all its forms.

Monitoring and Enforcement: Establish mechanisms for monitoring and enforcing compliance with labor laws and regulations, particularly in industries and sectors where child labor is prevalent. Conduct regular inspections, investigations, and audits to identify and address instances of forced child labor.

Supply Chain Transparency and Due Diligence: Promote supply chain transparency and due diligence to identify and address child labor risks in global supply chains. Work with businesses, industry associations, and other stakeholders to implement responsible sourcing practices and ensure that products and services are free from child labor.

Awareness and Advocacy Raise awareness about the issue of forced child labor and advocate for policy changes, social norms, and behavior change to eliminate child labor and promote children's rights.

By implementing these strategies in a coordinated and comprehensive manner, stakeholders can work together to remediate the effects of forced child labor and create a world where every child can enjoy their rights and reach their full potential.

Remediation of Vulnerable Family Income Loss

To date, Northstar Auto Group has not identified instances or risks of the use of child labour or forced labour within their or suppliers' operations. The Northstar Auto Group is continuing to examine its procurement practices to strengthen the thoroughness of its due diligence procedures, which also involves increasing awareness among its suppliers.

Awareness Training

The Northstar Auto Group currently lacks specific training on child labor and forced labor. However, among the policies outlined, the Northstar Auto Group does provide training for new employees through the Employee Handbook. As part of the onboarding process, new hires review the handbook to grasp the Northstar Auto Group's standards and expectations, which may/may not encompass sections addressing child labor, forced labor, abuse, harassment policies, and employee conduct. Recognizing the need for improved training in this regard, the Northstar Auto Group plans to assess suitable staff training soon.

Assessing Effectiveness

To track Northstar Auto Group's effectiveness of procedures to mitigate the risk of child labour and forced labour, the following mechanisms are in place:

Northstar Auto Group Activities

Northstar Auto Group will persist in tracking refusal-to-work incidents, investigating each report to ascertain any relevance to forced labor or child labor. Northstar Auto Group maintains a zero-tolerance policy towards workplace harassment, ensuring all reported incidents are promptly conveyed to the CEO/member of management along with an action plan for timely resolution.

Supplier Activities

To address child labor and forced labor concerns, Northstar Auto Group aims to add a clause in supplier agreements outlining zero tolerance. It specifies repercussions if such instances are found. A phased Supplier Questionnaire rollout, starting with major suppliers, will assess child and forced labor risks. Responses will be centrally compiled. Key suppliers will undergo annual performance evaluations or site visits, with records kept centrally to track review frequency and dates.

Steps Taken to Prevent & Reduce Risk of Child Labour or Forced Labour

Include any steps that you have taken, or opportunities identified to prevent and reduce the risk of child labour/forced labour. Explain how they will work.

1. Mapping supply chains
2. Supplier questionnaires
3. Anti-forced labour and/or child labour contractual clauses
4. Anti-forced labour and/or child labour standards, codes of conduct and/or compliance checklists
5. Assessment of risks of forced labour and/or child labour in the organization's activities and supply chains
6. Gathering information on worker recruitment and adding internal controls
7. Supplier due diligence policies
8. Enacting measures to remediate the income loss of forced labour and/or child labour
9. Training and awareness materials
10. Procedures to track performance.

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 Northstar Group. 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: **Martin Giles**

Date: **May 29, 2024**

Title: **Director**

Signature: *Martin Giles*

I have the authority to bind "Northstar Group." and this report covers fiscal year Jan 1 2023 to December 31, 2023 and applies to "Northstar Group."