



**PETERBILT PACIFIC INC.**

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**Modern Slavery Report 2023**

This Modern Slavery Report (the "Report") addresses the period from January 1, 2023 to December 31, 2023 and has been prepared in compliance with 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* (Canada) (the "Act").

This initial Report is made on behalf of **Peterbilt Pacific Inc. ("PPI")** and is not a joint report.

## **I. INTRODUCTION**

Forced labour and child labour, each as defined in the Act, are crimes and serious violations of human rights. As a prominent dealer of heavy-duty trucks for over 50 years, PPI recognizes the important role that we have in ensuring that the supply chains that support our operations and products adhere to the highest ethical standards, including the prevention and identification of forced labour and child labour in our supply chain. This Report sets out the steps we have taken during the 2023 fiscal year to prevent and reduce the risk that forced labour or child labour is used at any our locations in Canada or elsewhere by PPI or of goods imported into Canada by PPI.

## **II. CORPORATE OVERVIEW AND SUPPLY CHAINS**

Established in 2015, PPI is a division of the Jim Pattison group of companies with roots back to a family owned Peterbilt heavy-duty truck dealership started in 1986. As one of Canada's largest Peterbilt dealers, PPI prides itself on its commitment to integrity for its employees and customers. With 11 locations, over 80 service bays, and two collision repair shops, the dealership offers sales and services for the most sought-after trucks globally, accompanied by superior customer care. PPI also offers full-service truck leasing through our PacLease division. Throughout its locations in British Columbia, Canada, PPI maintains its long-established standards of excellence, proven durability, and high resale value for trucks. PPI employs approximately 377 people in its 11 locations across British Columbia. The head office of PPI is located at 9515 195 St, Surrey, BC, Canada.

The original equipment manufacturer (OEM) for all our new heavy-duty trucks is Peterbilt Motors Company, parent company Paccar, whose head office is in Denton, Texas, USA. Peterbilt Motor Company has 3 plants where the heavy-duty trucks are assembled: one in Denton, Texas, USA, one in Sainte-Therese, Quebec, Canada and one in Mexicali, Baja California, Mexico. A large percentage of our parts purchases for our retail stores, service bays and repair shops are sourced from Paccar Parts, a division of Paccar. Paccar Parts is in Renton, WA, USA. In the fiscal year 2023, the Paccar group of companies constituted a significant portion of our procurement, accounting for 70% of our total supply purchases.

PPI is not required to produce similar reports under any other jurisdiction.

PPI qualified to file this Report as during the 2023 fiscal year PPI: a) was doing business in Canada; b) had at least \$20mm in assets in Canada; c) generated at least \$40mm in revenues; and d) employed at least 250 people.

Our company proudly serves a Canadian clientele, with the majority of our customers in the province of British Columbia.

The total procurement spend in 2023 was \$196 million and in 2022 was \$172 million.

In total, we procure goods and services from approximately 675 suppliers and contractors.

Further information about our business can be found on our website [www.peterbiltpacific.com](http://www.peterbiltpacific.com).

### III. POLICIES AND DUE DILIGENCE PROCESSES

#### **Policies**

Through our Business Code of Conduct and Whistle Blower policies, we communicate our values and expectations, setting a high bar for ourselves and our suppliers, and make it clear that we do not tolerate any forms of forced labour or child labour. We are committed to evolving and improving our approach. We do not tolerate child, forced or bonded labour in any of our operations, or in the operations of our suppliers and other business partners. Our policies are included in our employee orientation manual which is posted on the workplace employee website. Our relevant policies are discussed in further detail below:

#### **Business Code of Conduct** (enacted May 2017)

We are committed to conducting our business lawfully and ethically. Our Business Code of Conduct is the foundation of our company policies and sets out guiding principles on professional conduct and establishes that in performing their job duties, PPI employees should always act lawfully, ethically and in good faith with employees and non-employees.

#### **Whistleblower Policy** (enacted September 2018)

We are committed to maintaining high ethical standards and legitimate business practices and wish to encourage the identification and prevention of any misconduct that may affect this commitment. The Whistleblower Policy aims to provide an avenue for employees to raise serious concerns with the reassurance that they will be protected from reprisal or victimization for whistle-blowing in good faith.

#### **Due Diligence**

We expect third parties with which we work to adhere to business principles and values similar to our own and to comply with all applicable laws and regulations. Before making any commitments towards third parties, we take steps to appropriately evaluate the relationship and mitigate any associated risks by carrying out risk-based due diligence and checks.

To mitigate potential forced labour and child labour risk, we follow a due diligence approach that includes the following steps:

- Our largest supplier, Peterbilt Motors Company, regularly invites their dealers to come visit and tour the plants where the heavy-duty trucks are assembled;
- Reviewing supplier Ethics and Compliance policies to ensure their code includes provisions banning child or forced labour, respecting employee rights and providing a safe workplace for employees; and
- Embedding responsible business conduct into policies and management systems.

#### **IV. RISK ASSESSMENT AND MANAGEMENT**

PPI engages in various activities to identify, assess, and manage supplier risk. In assessing the risk of forced and child labour in our business and supply chains, we engage with our peers to discuss risks.

PPI has low risk in their business activities as all our locations are in British Columbia, Canada and all employees are screened through our Human Resources department at the Head Office in Surrey, BC. PPI adheres to all Canadian & BC employment laws.

Our exposure to the risk of forced labour and/or child labour increases when we engage with third parties, particularly in categories such as transportation, manufacturing, and raw material sourcing. We recognize that our exposure to forced labour and/or child labour increases when we engage with suppliers who source goods or raw materials from countries where forced labour exploitation is known to occur. As such, we follow a risk-based approach to our due diligence activities. Our due diligence is prioritized to the most significant adverse impacts based on severity and the likelihood of harm and focus our attention and resources.

#### **V. MODERN SLAVERY REMEDIATION MEASURES**

##### **Steps to Prevent and Reduce Risks of Forced and Child Labour**

- Gathering information on worker recruitment and maintaining internal controls to ensure that all workers are recruited voluntarily;
- Engaging with our supply chain partners on the issue of addressing forced labour and/or child labour;
- Prioritization to focus due diligence efforts on the most severe risks of forced and child labour; and
- Monitoring suppliers.

##### **Remediation Measures**

We expect our suppliers to adhere to high standards of ethical conduct. Forced and child labour is strictly prohibited. We also undertake diligence efforts (as further described in this Report) to ensure that the risk of forced labour and child labour is mitigated in our business.

If we discover any forced labour or child labour in our business and supply chains, we take the following measures to remediate such forced labour or child labour:

- *Suspension or termination of a supplier, sub-supplier or contractor;*
- *Actions to prevent forced labour or child labour and associated harms from reoccurring;*
- *Actions to support victims of forced labour or child labour;*
- *Grievance mechanisms; and*
- *Formal apologies.*

## **VI. LOSS OF INCOME – REMEDIATION MEASURES**

- *STEPS TO BE TAKEN TO REMEDIATE IF THERE IS A LOSS OF INCOME RESULTING FROM REMEDIATION MEASURES*
  - *Actions to support victims of forced labour or child labour and/or their families such as workforce reintegration and psychosocial support;*
  - *Compensation for victims of forced labour or child labour and/or their families; and*
  - *Community and stakeholder engagement or wider capacity-building measures.*

Note that we have not identified any instances of forced labour or child labour in our operations and/or supply chain.

## **VII. TRAINING**

In 2023, we did not have specific, formalized training in place to understand and mitigate the risk of forced labour or child labour. Our Human Resources team ensures a comprehensive onboarding process for all new hires, adhering strictly to the employment laws of Canada and British Columbia. Additionally, PPI retains a specialized employment lawyer to provide clarity on any complex legal matters.

Our team is actively developing procurement policies and resources. As awareness of this issue grows, we've observed a substantial increase in inquiries from different parts of the organization seeking guidance on making procurement decisions that prevent potential human rights violations within our supply chain.

## **VIII. ASSESSING EFFECTIVENESS**

As part of our governance processes, we monitor compliance with our policies on an ongoing basis. We also review any concerns raised through our Whistleblower Policy and other informal mechanisms of employee feedback.

To date, no significant concerns or complaints have been identified.

## **IX. APPROVAL AND ATTESTATION**

This Report was approved pursuant to paragraph 4(a) of the Act by PPI's President Jim Schroeder on May 31, 2024, and has been submitted to the Minister of Public Safety and Emergency Preparedness in Canada. This Report is also available on our company website at [www.peterbiltpacific.com](http://www.peterbiltpacific.com).

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in this Report for PPI. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in this Report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

**Jim Schroeder on behalf of Peterbilt Pacific Inc.**

**President, May 31, 2024**

I have the authority to bind PPI