

2023 Forced Labour and Child Labour Report



1. Introduction

Per the guidelines outlined in the Fighting Against Forced Labour and Child Labour in Supply Chains Act (referred to as the "Act"), The Zanchin Automotive Group ("ZAG") and its affiliated entities are pleased to introduce their inaugural Forced Labour and Child Labour Report (the "Report"), which encompasses the reporting period from January 1, 2023, to December 31, 2023.

The Report details the initiatives and measures undertaken by The Zanchin Auto Group during the reporting period to identify and comprehend the risks associated with forced labor and child labor in its operations and supply chain. It also outlines efforts to enhance controls aimed at reducing and mitigating these risks.

The Zanchin Auto Group is dedicated to conducting ethical business practices and adopts a zero-tolerance stance towards all types of modern slavery within our organization. We strive to minimize and eradicate the risk of modern slavery in our supply chain.

2. Structure, Activities and Supply Chains

a. Structure

The Zanchin Automotive Group is a multi-location and multi-franchise automotive dealerships group operating in Canada within the Province of Ontario. The dealership group headquarters is located in Woodbridge, Ontario.

As of December 31st, 2023, The Zanchin Automotive Group includes 38 franchised dealerships representing brands including Toyota, Mazda, Honda, Acura, Nissan, Infiniti, Lexus, BMW, Hyundai, Volkswagen, Mercedes-Benz, Jaguar, Land Rover, Genesis, Fiat or Chrysler Dodge Jeep Ram.

The Zanchin Automotive Group has approximately 1,800 full-time employees located in Ontario.

b. Activities

The primary activities of the Zanchin Automotive Group involve owning and operating automotive retail dealerships located in Ontario.

These activities include:

- selling new and used vehicles;
- selling and distributing parts, accessories and vehicle care products;
- providing vehicle repair and servicing services; and
- provision of, or facilitation of, vehicle finance, insurance and warranty products related to the sale, purchase, or lease of vehicles.

c. Supply Chains

The supply chains of the Zanchin Automotive Group encompass:

- Manufacturing and assembly of vehicles and parts;

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- Importation of vehicles and parts;
- Local transportation of vehicles and parts to dealerships and service centers; and
- Local contracts for services such as employees, construction and maintenance, cleaning, snow removal, etc.

The Zanchin Automotive Group does not have a centralized procurement function; procurement activities are managed through our head office and individual dealerships.

During the reporting period, the most significant categories of supply chain expenditures were:

- Vehicles (new and used); and
- Vehicle parts.

Other expenditures included consumables related to vehicles such as fuel, oil, paint, and lubricants, as well as services for vehicles like transport, storage, and detailing.

3. Risks of Modern Slavery in Operations and Supply Chain

As part of our ongoing commitment to ethical business practices and corporate responsibility, our organization acknowledges the importance of assessing potential risks related to modern slavery and human trafficking within our supply chains. While we have not yet conducted a formal assessment of these risks, we are actively working towards implementing comprehensive measures to address this critical issue. We recognize the significance of understanding and mitigating such risks and are committed to taking the necessary steps to ensure compliance with applicable legislation and uphold the highest standards of ethical conduct in all aspects of our operations.

4. Steps Taken and Due Diligence to Prevent and Reduce the Risk of Modern Slavery

The Zanchin Automotive Group's Code of Conduct (referred to as the "Code of Conduct") mandates that the Zanchin Automotive Group and all individuals including directors, officers, employees, and consultants ("ZAG Personnel") uphold the highest ethical standards and abide by all relevant laws. ZAG Personnel are obligated to certify their understanding of and adherence to the Code of Conduct.

5. Next Steps

Moving forward, The Zanchin Automotive Group is committed to further strengthening the integrity of our supply chain to mitigate potential risks related to modern slavery, forced labor, and child labor. Our next steps include:

1. **Risk Assessment and Due Diligence:** Conducting a comprehensive risk assessment and due diligence process across our supply chain to identify and address any areas of concern related to modern slavery practices.
2. **Supplier Engagement:** Enhancing engagement with our suppliers, particularly original equipment manufacturers (OEMs), to ensure they share our commitment to ethical business practices and have robust modern slavery policies and procedures in place.

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3. **Training and Awareness:** Providing training and awareness programs for our employees, suppliers, and stakeholders to promote a deeper understanding of modern slavery risks and foster a culture of ethical conduct throughout our organization and supply chain.
4. **Monitoring and Reporting:** Implementing robust monitoring mechanisms to regularly assess and monitor our supply chain for compliance with our ethical standards and promptly addressing any issues that may arise.
5. **Collaboration and Advocacy:** Collaborating with industry partners, governmental agencies, and non-governmental organizations to advocate for stronger regulations and practices that combat modern slavery and promote responsible supply chain management.

By taking these proactive steps, The Zanchin Automotive Group aims to ensure transparency, accountability, and ethical practices throughout our supply chain, ultimately contributing to a fair and sustainable global business environment.

5. Approval

In accordance with the requirements of the Act, and in particular section 11 thereof, I, Giuseppe Zanchin, 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: Giuseppe Zanchin

Title: President & Founder

Date: May 13th, 2024

Signature:  _____

I have the authority to bind The Zanchin Automotive Group.