

Simcoe Parts Service Inc. (the “Company”) Fighting Against Forced Labour and Child Labour in Supply Chains

Statement for the Financial Year 2023

Simcoe Parts Service Inc. is a subsidiary of Honda Logistics, Inc. (“HLI”). This is the Statement of the Company for the financial year ended December 31, 2023.

The statement is made pursuant to *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the **Act**). It sets out actions taken place by Simcoe Parts Service Inc. (“SPS”) during the financial year ending 31 December 2023 to prevent and reduce the risk of human trafficking, child labour, forced or compulsory labour from occurring within the Company’s business and supply chains. In accordance with the Act, this statement is published on the following website: www.simcoeparts.com.

1. Company Philosophy

As part of the Simcoe Parts Service Inc. (“SPS”) Philosophy, one of the Fundamental Beliefs is “Respect for the Individual”. This Fundamental Belief leads the HLI Group to value and respect the unique contributions of each individual. Accordingly, the HLI Group 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.

As part of its effort to conduct business in an ethical manner, the HLI Group will therefore not engage in business practices or activities that compromise fundamental human rights including all aspects of Forced Labour and Child Labour.

2. Our Business

SPS is a subsidiary of HLI and provides just-in-time delivery of products and services to facilitate the operation of Honda’s manufacturing operations in Alliston, Ontario.

SPS’s logistics services include:

- warehousing (parts are received, staged, packed, and sequenced in our warehouses);
- parts delivery (we ensure the correct part gets to the correct location at the correct time);
- wheel assembly (tires and wheels are assembled in our highly automated production lines);
- transportation (deliveries are controlled through our transportation department)

As a key part of HLI’s chain, SPS is proud to be a top service provider to produce the world class Honda Civic and Honda CR-V, and to be part of an overall operation that employs many Canadians. As the leading logistics provider for Honda of Canada Manufacturing, SPS is ISO 9002, ISO 14001 certified and has grown to over 800 associates. Operations at SPS are conducted throughout the company’s five (5) buildings that now total in excess of one (1) million square feet.

3. Supply Chain

Although suppliers have their own approach and responsibility towards running its business ethically, Simcoe Parts Service Inc. will not tolerate forced labour or child labour in its business or supply chain. We endeavour to ensure our suppliers are equally committed to preventing forced labour or child labour and encourage them to have suitable measures in place to prevent and detect such situations. Measures that Simcoe Parts Service Inc. has taken, or plans to take, are set out below.

(a) SPS Supplier Code of Conduct

The SPS Supplier Code of Conduct specifically includes provisions prohibiting child labour and forced or compulsory labour, as follows:

“Child Labour”

Simcoe Parts Service Inc. will not engage in nor support the use of child labour and will not tolerate the use of child labour at any level in its supply chain. For the purpose of this Supplier Code, child labour covers all types of work carried out by employees under the age of 15 years old, excluding when such employment forms the basis of vocational training or takes the form of an educational program. However, for employment or work which by its nature or circumstances is not suitable for a person under the age of 18 years old, child labour shall mean employees under the age of 18 years old.

“Forced Labour / Forced Labour and Child Labour / Human Trafficking”

Simcoe Parts Service Inc. will not engage in any form of human trafficking or use any type of forced labour or Forced Labour and Child Labour , nor will it tolerate their use at any level in its supply chain.

Suppliers must not demand any work or service from any person under the menace of any penalty. For example, Suppliers' employees (regardless of their employment status) must be free to leave work or terminate their employment with reasonable notice, and they must not be required to surrender any government issued identification, passports or work permits as a condition of employment.”

(b) Supplier Contracts

Simcoe Parts Services Inc. is determined to ensure its suppliers comply with the Master Supplier Agreement (“MSA”) which puts contractual obligations on its suppliers to ensure that child labour and forced or compulsory labour is not present in its supply chain.

All new contracts and all contract renewals between SPS and suppliers, include specific anti-slavery and anti-child labour language. This includes:

- prohibiting the supplier from engaging in any use of slavery, forced, involuntary or coerced labor, child labor, human trafficking practices; and
- that suppliers must comply with the applicable national and local laws and regulations in respect of minimum wage, overtime, payroll deduction, and other remuneration.
- comply with all applicable labour laws and Bill S-211, the Fighting Against Forced Labour and Child Labour in Supply Chains Act

SPS communicates our commitment to the Act and expresses the requirement that our suppliers and any new supplier that we contract with make the same commitment.

If the supplier fails to comply with the clauses, then SPS may terminate the contract with that supplier.

4. Risks of Forced Labour and Child Labour in SPS operations and supply chains

A large part of the supply chain is based overseas and is managed by HLI and Honda affiliates in those countries, SPS is not directly involved in those parts of its supply chain. Accordingly, we have sought to understand the inherent risks of Forced Labour and Child Labour , forced, involuntary or coerced labor, child labor, and human trafficking in our supply chains, by assessing factors such as the sectors and industries in which our suppliers operated during the Reporting Period, as well as their geographic locations.

Operations

The risk of Forced Labour and Child Labour, forced, involuntary or coerced labor, child labor, and human trafficking in SPS' operations is low. There is no particular vulnerability to these risks in our business activities (consolidation, parts delivery, wheel assembly), and these sectors are highly regulated in Canada and the USA. Our key functions where outsourced labour is used are also

subject to close scrutiny by employee organizations and industry law and regulations.

Supply chains

The risk of Forced Labour and Child Labour, forced, involuntary or coerced labor, child labor, and human trafficking in SPS' local suppliers in Canada has been assessed as being low for the reasons above, together with the fact that the bulk of its local procurement is to acquire corporate services from large, reputable and well-run Canadian businesses.

Simcoe Parts Service Inc. primarily receives its parts from Honda or HLI owned or contracted suppliers and manufacturers in Canada and USA, and they are subject to Honda's strong global Codes and policies regarding human rights and relationships with business partners and workers.

5. Internal Measures

(a) Code of Conduct

SPS' Code of Conduct applies to all its employees.

Specifically, the Code of Conduct requires all SPS personnel to:

- ensure that their relationships and activities comply with applicable laws, rules and regulations, and the common sense of the community in which they operate;
- understand and abide by the words as well as the spirit of applicable laws and regulations, stay informed of relevant revisions to applicable laws and regulations and take necessary courses of action;
- whenever violations of laws and regulations or the risk of such an occurrence is noticed, report to or consult with their supervisor or the legal department; and
- respect human rights, and not treat any person in an unjust way.

Any failure by an employee to comply with the Code of Conduct is a disciplinary offence. On an annual basis, Associates are required to read and refresh their knowledge of the Code of Conduct.

(b) Ethics and Compliance Policy

The Ethics and Compliance Policy applies to all its employees.

The reputation of our Company is based on our desire to do the right thing. Our reputation is our most valuable asset. We recognize the obligations we have to our customers, associates, suppliers and the communities in which we live and do business. We will always conduct business lawfully and responsibly. It is the responsibility of each associate to ensure that our reputation remains above reproach.

Specifically, the policy requires all SPS personnel to report if they have a concern or see possible violation of laws, regulations or company policies to a manager, HR department or the Ethics and Compliance hotline.

On an annual basis, Associates are required to read and refresh their knowledge of the Ethics and Compliance responsibilities.

(c) Ethics and Compliance hotline

Each HLI Group entity has access to an "Ethics and Compliance hotline"; a telephone number and e-mail address that allows SPS personnel to report (anonymously, if they wish) any breach, suspected breach or anticipated breach of SPS' Code of Conduct or any other unethical or fraudulent conduct.

The Ethics and Compliance Line is regularly checked, and any reported incidents are dealt with on a confidential basis and reported to the HLI Ethics and Compliance Committee.

The Ethics and Compliance Line, therefore, gives all SPS personnel a method to report incidents of child labour and forced or compulsory labour in a secure and confidential manner.

(d) Whistleblower Policy

The Whistleblower Policy has been established to support SPS' corporate values and ethical environment. SPS has an open door policy and suggests that employees share their questions, concerns, suggestions or complaints with their immediate supervisor. For suspected fraud or legal violations, or when an Associate is not satisfied with a response or is not comfortable with following the Company's open door policy, Associates should contact Human Resources or a Senior Manager directly.

Violations or suspected violations may be submitted on an anonymous basis by the complainant via the Ethics and Compliance Hotline.

Any personnel who retaliate against someone who has reported a violation in good faith is subject to discipline up to and including termination of employment.

(e) Key Performance Indicator ("KPI") Structure

KPIs from the Compliance and Ethics line are reported to Senior Management on a monthly basis. Compliance KPIs measure, amongst other matters, how effective the Company has been overall in investigating concerns that have taken place within its supply chain or any other part of its business. Examples of the compliance KPIs from the Compliance and Ethics Line include, for example:

- the number and nature of issues reported (if any) which could include ethics matters, non-compliance with applicable laws and regulations, and Forced Labour and Child Labour related issues;
- the investigation status whether it is closed or in progress; and
- non-confidential details of any reported suspicions which could include issues relating to child labour or Forced Labour and Child Labour ; and the number and the nature of calls received.

(f) Anti-Slavery and Anti-Human Trafficking Policy

In March 2024, the SPS Anti-Slavery policy was approved. The Anti-Slavery Policy applies to all SPS personnel including contractors and sets out SPS' anti-slavery commitments. Any breach of the policy will constitute a disciplinary offence. The Policy sets out, for example, what SPS personnel are required to do, should they become aware of, or suspect, that Forced Labour and Child Labour is taking place within SPS' business or supply chain.

(g) Training

In March 2024 the SPS Anti-Forced Labour and Anti-Child Labour training was approved and the e-learning module was created. SPS will use our internal learning management platform to deliver the Anti-Forced Labour and Anti-Child Labour training and awareness to new associates as part of their induction. In addition to the mandatory training for new starters, the online training will be conducted as part of regular refresher training for key employees and managers. As of May 2024, the e-learning has been rolled out to relevant employees of SPS.

By ensuring its personnel are trained on modern slavery, Honda in Europe is ensuring that its approach to Forced Labour and Child Labour is practiced throughout the business, and by every level of management.

6. Assesses the effectiveness of the Forced Labour and Child Labour , child or forced labour controls

During this Reporting Period, our focus was to solidify our understanding of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the **Act**) and the Forced Labour and Child Labour , child or forced labour risks and how they may appear in business and supply chains. We

also focused on how best to develop and implement controls to address this risk. At this stage, we are unable to adequately assess the effectiveness of measures we have undertaken. However, we have commenced our planning and work on developing frameworks and processes to ensure we can review the effectiveness of the actions we are taking to assess and address risks in our business and supply chains.


7. Future steps to prevent Forced Labour and Child Labour , child or forced labour in our business and supply chains

To further SPS' commitment to preventing Forced Labour and Child Labour in its supply chain, SPS is proposing to take the following actions in the coming Financial Year:

- to thoroughly review the terms and conditions with direct suppliers to ensure compliance with the Act is recognized within the business terms for all renewing and new agreements.
- Supplier Code of Conduct and Acknowledgement declaration. Send out to all direct suppliers a copy of the Supplier Code of Conduct Guidelines (as referred to at 3(a) above) Suppliers will be asked to read the guidelines and to confirm they understood and acknowledged that any breach of these guidelines would not be tolerated.
- SPS will continue to update and review policies and send out e-learning to SPS personnel.

In accordance with the requirements of the Supply Chains 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.

Approved by the Chief Compliance Officer of Simcoe Parts Services Inc.

Signed: 

Name:

Ron Hawco
Chief Compliance Officer
Simcoe Parts Service Inc.

Date: 3/21/2024