

Lamco Inc. Modern Slavery Act Statement

A Crucial Document in Our Commitment to Ethical Supply Chain Operations

Created For: Lamco Inc. o/a The Humberview Group of Companies (HG)

Date Created: January 4, 2024

Public Safety Canada, a key regulatory body, released the much-anticipated guidance on its updated website regarding implementing the Fighting Against Forced Labour and Child Labour in Supply Chains Act.

This statement applies only to HG and its businesses, not the business of its member firms (as explained below). References to “our team members” only refer to those individuals working on behalf of HG, not the member firms.

In accordance with Section 54, Part 6 of the Modern Slavery Act 2015 (the Act), this statement sets out the steps that HG has taken to ensure that slavery and human trafficking do not occur in our supply chains or any part of our business. This statement is in respect of HG’s financial year ended 31 December 2023 and was approved by the CFO/COO on 22 May 2024.

Our Organization Structure and Supply Chains

Lamco Inc. is a private company with multiple automotive locations (vehicle sales, service and parts) known as The Humberview Group (HG). Our business uses professionally qualified people employed directly by HG or our various vendors and suppliers. Our people policies ensure fair treatment of our people.

HG’s supply chain is remarkably intricate, spanning numerous tiers of suppliers that directly or indirectly provide raw materials, components, and services from various global locations to HG’s automotive facilities. Despite this complexity, HG proactively engages with its direct suppliers, team members, and contractors. The company is deeply involved in industry-wide initiatives through organizations like the Automotive Industry Action Group (“AIAG”), actively identifying high-risk areas and undertaking other activities to eradicate slavery and human trafficking from HG’s supply chain.

Our Policy in Relation to Slavery and Human Trafficking

HG has established a zero-tolerance position on violations of the Canadian anti-human trafficking and anti-modern slavery laws. Our Values (Respect, Honesty, Integrity, Transparency and Teamwork) along with Our Ways (We put people first, We are honoured to work with you, We learn from our mistakes, We are accountable, and We are in the game) are the pillars of our Culture. They embody everything that we do at HG and how we do business. They outline the expectations of our people’s behaviour with team members, customers, vendors, and our

suppliers. We seek to treat everyone fairly and consistently, creating a workplace and business environment that is open, transparent, and trusted. Our policies and procedures are in line with our culture and Values.

This statement is connected to our internal policy; please refer to **PE0041 HG Modern Slavery Act Policy**.

What is Modern Slavery?

Modern slavery is an international crime affecting millions of people around the world - a growing global issue that transcends age, gender and ethnicity. Sadly, vulnerable people from overseas, as well as across Canada, are forced to work illegally against their will across many different sectors, from agriculture, construction, hospitality, retail, manufacturing, and more.

Compliance with Laws

Seller, and any goods or services supplied by Seller, will comply with all applicable laws, rules, regulations, orders, conventions, ordinances or standards of the country of destination or that relate to the manufacture, labelling, transportation, importation, exportation, licensing, approval or certification of the goods or services, including, without limitation, those relating to environmental matters, the handling and transportation of dangerous goods or hazardous materials, data protection and privacy, wages, hours and conditions of employment, subcontractor selection, discrimination, occupational health/safety, and motor vehicle safety. Seller further represents that neither it nor any of its subcontractors, vendors, agents or other associated third parties will utilize child, slave, prisoner, or any other form of forced or involuntary labour or engage in abusive employment or corrupt business practices in the supply of goods or provision of services under the Contract.

Industry Principles to Address Supply Chain Risk

In the automotive industry, generally, it is difficult to engage directly with all levels of the supply chain with respect to slavery and human trafficking. The automotive manufacturers, together with other major original equipment manufacturers, collaborate through AIAG to address issues impacting the entire industry, including slavery and human trafficking. They maintain leadership positions in AIAG, and some provide direct financial support to AIAG. Further, they endorse AIAG Corporate Responsibility Guidance Statements, which provide guidance on business ethics, global working conditions and environmental responsibility, including guidelines generally prohibiting slavery and human trafficking.

Public Safety Canada

The website, a crucial resource, provides comprehensive guidance on the Supply Chains Act that came into effect on January 1, 2024. It also introduces a new method for report submission through a detailed questionnaire, potentially enhancing the compliance process. Companies are strongly advised to review the website's guidance and questionnaire before filing their

reports. This proactive approach will ensure that their reports and compliance strategies align with the expectations of Public Safety Canada, the overseeing regulatory body.

The link below includes the Process Overview, Report Requirements, Mandatory Information, Questionnaire, Guidance for Entities (preparing a report/application of the act/report contents), and another link to submit a report.

[Public Safety Canada - Countering Crime - Forced Labour in Canadian Supply Chains](#)

While the website provides comprehensive details interpreting the Supply Chains Act and adhering to its requirements, our focus will be on highlighting key aspects of the guidance. This is particularly relevant for our clients who operate across diverse sectors and industries, as it aids in understanding the most significant elements of the implementation and compliance requirements of the Supply Chains Act.

Guidance

As outlined above, the regulatory and legal implications of Canada's Modern Slavery Act, reporting under the Supply Chains Act, apply broadly to certain entities and government institutions that:

- produces, sells, or distributes goods in Canada or elsewhere,
- imports into Canada goods produced outside Canada, and
- controls another entity engaged in production, sale, distribution, or importation.

The Guidance Section of the Public Safety Canada website elaborates on the interpretation of the above criteria under the Supply Chains Act, providing some context to several terms used throughout the nomenclature:

- The terms such as “selling,” “distributing,” and “importing” are not explicitly defined in the Supply Chains Act and should be understood in their common usage. These terms are not meant to include service-based activities like marketing, financial, or software services that solely support the activities.
- The term “goods” is meant to refer to items that are part of trade and commerce, as commonly understood.
- An entity is recognized as importing goods into Canada if it is accountable for those goods under the Customs Act.
- While the Supply Chains Act does not specify a minimum threshold for applicability, the usage of terms in the Supply Chains Act is interpreted to exclude transactions of very minor significance.
- Determining whether an entity controls another can be based on applicable accounting standards but should not be strictly confined to these standards. This consideration should focus on the substance over form and may include scenarios where an entity exercises joint control over an operation.

These interpretations aim to clarify the applicability and scope of the Supply Chains Act, providing entities with a better understanding of the compliance requirements.

The website's Guidance Section details determining whether an organization is an entity and subject to reporting obligations under the Supply Chains Act. The term “entity” is defined in the Supply Chains Act as any organization that is listed on a Canadian stock exchange or an

organization that has a connection to Canada (defined as having a place of business in Canada, doing business in Canada, or having assets in Canada) and also meets at least two of the following three conditions for a minimum of one of its two most recent financial years:

- has at least \$20 million in assets;
- has generated at least \$40 million in revenue; or
- employs an average of at least 250 employees.

The Guidance Section provides insights into how the applicability test of the Supply Chains Act should be interpreted, including several key points:

- Entities with headquarters and operations in Canada or abroad could be subject to the reporting obligations.
- To determine if an organization is considered an "entity" due to its presence in Canada, the guidance suggests referencing criteria used by the Canada Revenue Agency and interpreting terms in their normal usage.
- The threshold values for applicability (regarding assets, revenue, and employee count) are based on global figures. Assets should be calculated on a gross basis, not net.
- The definition of "employee" under the Act aligns with its meaning in Canadian common law, encompassing full-time, part-time, or temporary employees in any jurisdiction, but not independent contractors.

Despite these clarifications, some aspects remain uncertain. For instance, businesses might interpret terms in their "ordinary sense" differently, leading to varied conclusions. It is also unclear whether the internal import or distribution of goods within an organization falls under the scope of the Supply Chain Act. Furthermore, the requirement for entities incorporated under the Canada Business Corporations Act to present their reports to shareholders alongside annual financial statements is yet to be fully elucidated. This leaves businesses with the task of navigating these ambiguities and making their own determinations about the applicability of the Supply Chain Act to their operations.

Additionally, the Guidance Section elaborates on responding to the seven specific reporting requirements outlined in subsection 11(3) of the Supply Chains Act. It's crucial to note that beyond these guidelines, the report's preparation is significantly influenced by the new questionnaire introduced by Public Safety Canada, as detailed in the following section.

Questionnaire

The recent website update about the Supply Chains Act revealed the introduction of a mandatory questionnaire (Questionnaire) necessary for report submission to the Minister of Public Safety. This Questionnaire adds a new layer to the reporting responsibilities for entities under the Supply Chains Act and includes mandatory and optional questions.

Key elements of the questionnaire include:

- **Introductory Section:** Entities must outline their applicability under the Act, clarifying their definition as an "entity" and the activities prompting the reporting requirement. This section is particularly pertinent for entities uncertain about their obligation to report but choose to file a report as a precaution.
- **Supply Chain Due Diligence and Risk Assessment:** The Questionnaire seeks extensive information on how entities manage and assess risks related to forced and child labour in their supply chains, aligning with the reporting criteria of the Supply Chains Act report. However, it predominantly uses a "check-the-box" format, potentially limiting entities' ability

to comprehensively describe their processes and procedures in their own terms. This may necessitate an analysis to ensure that the provided options accurately reflect their activities.

- Detailed Nature and Online Format: Completing the Questionnaire will likely be a time-intensive process, requiring input from various business departments. Currently available only as an online form, all questions can be viewed in the “[Submit a report](#)” section.
- Comparison with Other Jurisdictions: This detailed questionnaire approach is not commonly observed in other regions with similar reporting obligations, such as Australia and the United Kingdom. Unlike these jurisdictions, Public Safety Canada's additional requirement of completing a detailed questionnaire may necessitate special attention from businesses, especially those reporting in multiple jurisdictions.

This unique implementation by Public Safety Canada underlines the importance for businesses to carefully consider and adapt their compliance strategies to align with the specific demands of the Supply Chains Act, particularly when operating across different international reporting frameworks.

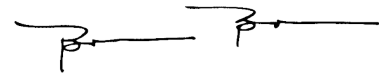
Takeaway

The comprehensive nature of the Supply Chains Act and its broad applicability to a diverse range of businesses is well-addressed on Public Safety Canada's website, which offers valuable insights into its approach to enforcing it.

If you want to learn more about the above, please email hqpeople@humberviewgroup.com.

Lamco Inc. o/a The Humberview Group takes responsibility for this Statement and its related objectives and will review and update it in accordance with The Act.

22 May 2024



Brian Bone
CFO/COO
Lamco Inc.

I have the authority to bind Lamco Inc.