

May 2024

Village Nissan Limited

Supply Chains Act - Report

1. Introduction

This is the first report to be filed by Village Nissan Limited o/a Village Nissan and o/a Markham Infiniti and describes the actions taken by Village Nissan Limited during the financial year ending December 31, 2023 to assess, prevent and reduce the risk that forced labour or child labour is used at any step in its operations and supply chains pursuant to the requirements of section 11 of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* ("Act"). This Report constitutes the first report prepared by Village Nissan Limited under the Act.

The Act came into force in Canada on January 1, 2024. Its goal is to implement Canada's international commitment to contribute to the fight against forced labour and child labour through the imposition of reporting obligations on entities producing goods in Canada or elsewhere or importing goods produced outside Canada. The Act is part of a broader global effort to prevent, and combat forced and child labour, an effort that Village Nissan Limited is committed to.

This report reflects Village Nissan Limited's commitment to implementing and endorsing responsible business practices to prevent and reduce the risk of forced labour or child labour in our supply chains.

As part of its effort to conduct business in an ethical manner, Village Nissan Limited will therefore not engage in business practices or activities that compromise fundamental human rights including all aspects of modern slavery.

2. Structure, Activities and Supply Chains

Village Nissan Limited o/a Village Nissan and o/a Markham Infiniti is a corporation based in Markham, Ontario and specializes in the retail sale of motor vehicles and parts as well as comprehensive vehicle retail servicing and repairs.

As a dealer of new Nissan and Infiniti vehicles and used vehicles and their parts, our supply chain is primarily based on the supply chain of automotive manufacturers. Specifically, as an authorized Nissan/ Infiniti dealer, the majority of Village Nissan Limited's procurement spending is with Nissan Canada Inc.

Supply Chains: Nissan Canada Inc. (NCI)

Nissan Canada Inc. (NCI) is incorporated under the *Canada Business Corporations Act* and is the Canadian sales, marketing, and distribution subsidiary of Nissan Motor Limited ("NML"), a holding company based in Japan, and is an affiliate of Nissan North America, Inc. ("NNA").

The majority of NCI's imports are from affiliates located in the US, Japan, and Mexico. NCI purchases additional parts from other suppliers. To view the full report you can access it here: [https://www.nissan.ca/content/dam/Nissan/Canada/common/english/NCI_-_FCLA_Report_-__\(ENG\)_Final_-_2024_05_21.pdf](https://www.nissan.ca/content/dam/Nissan/Canada/common/english/NCI_-_FCLA_Report_-__(ENG)_Final_-_2024_05_21.pdf)

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3. Policies and Due Diligence Processes

Village Nissan Limited is committed to conducting its operations ethically and responsibly. We recognize our responsibility to ensure that the products we sell and services we provide are free from any forced labour and child labour components. This policy outlines our commitment to preventing and mitigating the risks of forced labour and child labour within our supply chain and is designed to increase transparency and accountability in business practices and to help prevent exploitation of workers.

The purpose of reporting is not to certify that an entity is “risk-free,” but rather to demonstrate that the entity has taken steps to identify and address risks. The reporting exercise is intended to encourage transparency, not to penalize entities for having identified risks in their activities and supply chains.

What is our Policy?

Village Nissan Limited acknowledges that the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* aims to increase industry awareness and mandates transparency in supply chains to prevent products made with forced or child labour from entering the Canadian market. We are committed to complying with this legislation and ensuring that our supply chain is free from such labour practices.

Communication

Village Nissan Limited will communicate this policy to all relevant stakeholders, including employees, suppliers, and customers. We will also provide transparent information about our efforts to prevent forced labour and child labour within our supply chain.

Summary

Non-compliance with labour laws poses significant risks to companies, including legal penalties, damage to a company's reputation, and loss of customer trust. By actively fighting against forced labour and child labour, businesses can mitigate these risks and demonstrate their commitment to responsible practices.

Many companies operate within global supply chains, where the risk of labour exploitation can be higher. There is a risk that goods imported into and distributed in Canada were produced with forced labour or child labour. Upholding labour laws and implementing measures to combat forced labour and child labour can strengthen relationships with suppliers, fostering a more sustainable and ethical supply chain ecosystem.

Entities and government institutions doing business in Canada have a responsibility to ensure that exploitative practices are addressed and removed from their supply chains.

What is our process?

- a) **Supplier Assessments:** Village Nissan Limited will conduct assessments of all current and potential suppliers to evaluate their labour practices. This assessment will include a review of their policies, procedures, and compliance with relevant labour laws and regulations.

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- b) **Supplier Audits:** Periodic audits will be conducted on high-risk suppliers to ensure compliance with our standards and applicable laws. These audits may be conducted internally or by third-party auditors.
- c) **Risk Assessment:** We will conduct regular risk assessments of our supply chain to identify and address any potential risks of forced labour or child labour. This assessment will consider factors such as geographical location, industry sector, and known risks within the supply chain. Regular due diligence and risk assessments are essential for identifying and mitigating the risks of non-compliance.
- d) **Supplier Contracts:** Contracts with suppliers will include clauses requiring compliance with labour laws, including provisions prohibiting forced labour and child labour. Suppliers will be evaluated to ensure they also adhere to labour laws and ethical standards.
- e) **Training and Awareness:** Village Nissan Limited will provide training to employees on identifying and preventing forced labour and child labour within the supply chain. Training and awareness on the Fighting Against Forced Labour and Child Labour in Supply Chains Act are essential components of a comprehensive strategy to combat modern slavery effectively, promote ethical business practices, and protect human rights.

Nissan Canada Inc. Policies: Policies and Due Diligence Processes in Relation to Forced and Child Labour

Human Rights Philosophy & Policy Statement

As articulated in NML's Human Rights Philosophy, NML considers the strict adherence to applicable laws and practices and the respect of human rights to be fundamental to its business activity in every country and area where it operates. The human rights of all stakeholders must be respected, and all Nissan group employees must uphold the highest ethical standards. NML does not tolerate infringements on human rights in the supply chain, such as forced and child labour, consistent with its respect for human rights.

NML's Human Rights Policy Statement discusses NML's approach to responsible business conduct and the realization of respecting human rights in the course of its business operations. NML is committed to upholding the highest ethical standards which we enshrine in our company rules. This policy was most recently updated in 2023.

Consistent with its respect for human rights, NML is a signatory to the UN Global Compact, the world's largest corporate sustainability initiative to align strategies with universal principles, including human rights.

Global Code of Conduct

The Code of Conduct contains NML's core principles for conducting business with honesty and integrity, and in full compliance with established laws and regulations in all locations in which NML operates. NML requires all employees and, when possible, labour partners and contractors to complete annual Code of Conduct training. That training requires participants to certify their understanding of the Code of Conduct and commit to comply with it.

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NML Human Rights Policy Statement

As articulated in NML's Human Rights Policy Statement, NML is committed to respect all human rights as set out in the Universal Declaration of Human Rights (UDHR), as well as the International Covenant on Civil and Political Rights (ICCPR), the International Covenant on Economic, Social, and Cultural Rights (ICESCR), and the International Labour Organization Declaration on Fundamental Principles and Rights at Work (ILO Core Labour Standards).

NML's Statement on Actions for Human Rights & Due Diligence:

NML's Statement on Actions for Human Rights & Due Diligence articulates NML's respect for all human rights as set out in the Universal Declaration of Human Rights (UDHR), as well as the International Covenant on Civil and Political Rights (ICCPR), the International Covenant on Economic, Social, and Cultural Rights (ICESCR), and the International Labour Organization Declaration on Fundamental Principles and Rights at Work (ILO Core Labour Standards).

NML Global Guideline on Human Rights

NML's Global Guideline on Human Rights further reiterates NML's commitment to ensure that all NML companies and partners respect human rights. Included in these Guidelines is NML's process—including a formal grievance mechanism—to facilitate reporting of potential misconduct, including concerns about human rights violations within the supply chain. Unless prohibited by law, all Nissan companies provide an anonymous reporting mechanism for employees, contractors and suppliers to report concerns, including those involving forced and child labour.

4. Assessment of Forced Labour and Child Labour Risks

Village Nissan Limited has not independently engaged in its own risk assessment with regards to forced labour or child labour in its supply chain. As the majority of Village Nissan Limited's supply chain is based on the supply chain of Nissan Canada, Village Nissan Limited relies on the assessment undertaken by Nissan Canada regarding the extent of this risk.

You can review the Nissan Canada Inc. report here:

[https://www.nissan.ca/content/dam/Nissan/Canada/common/english/NCI_-_FCLA_Report_-__\(ENG\)_Final_-_2024_05_21.pdf](https://www.nissan.ca/content/dam/Nissan/Canada/common/english/NCI_-_FCLA_Report_-__(ENG)_Final_-_2024_05_21.pdf)

5. Remediation Measures

Village Nissan Limited has not identified any instances of forced labour or child labour in its supply chain, and so no remediation measures have been taken.

6. Remediation of Loss of Income

Village Nissan Limited has not identified any instances where the measures it has implemented to eliminate forced labour or child labour from its supply chain have led to the loss of income, and so no remediation measures have been taken to address this issue.

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7. Training

Village Nissan Limited provides E-learning training covering the following areas:

- a) Introduction to Forced Labour Training
- b) History of Labour Laws in Canada
- c) Fighting Against Forced Labour and Child Labour in Supply Chains Act
- d) Forced Labour Penalties and Enforcement
- e) Steps for Forced Labour Compliance
- f) Conclusion to Forced Labour Training

This training is optional for employees.

8. Assessing Effectiveness

Village Nissan Limited has not taken any action to assess its effectiveness in addressing risks of forced labour and child labour in its activities and supply chains.

9. Approval and Attestation

This report has been approved by the President of Village Nissan Limited in accordance with section 11(4)(a) of the Act.

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 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: James Sullivan

Title: President

Date: May 31, 2024

DocuSigned by:

James Sullivan

Signature:

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I have the authority to bind Sheppard Automotive Inc. o/a Brimell Toyota