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Report on measures taken by UAP Inc. to prevent and reduce the risk of forced labour and child labour in its supply chain during its fiscal year 2023.



## INTRODUCTION

This report is produced by UAP Inc. (or “UAP”, the “Company,” “our” or “we”) in accordance with subsection 11(1) of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “Act”). This report describes the measures taken during our previous fiscal year ended December 31, 2023, to prevent and reduce the risk of forced labour or child labour being used at any stage of the production of goods in Canada or elsewhere, or when goods are imported into Canada by the Company.

This is the first report prepared by the Company under this Act. UAP is not subject to reporting requirements under supply chain legislation in any other jurisdictions.

### 1. UAP Inc.

#### Origin and Structure

UAP Inc., a subsidiary of Genuine Parts Company (“GPC”), is a Canadian company founded in 1926 that distributes and markets automotive parts and replacement accessories for cars and heavy vehicles. We have a number of different brands to meet the specific needs of consumers, automotive maintenance and repair shops, and commercial fleet operators. We are proud to be part of the world’s largest vehicle parts distribution network.

Our head office is in Montréal, Québec, and our workforce comprises 5,228 employees (2023). We do not have any employees outside of Canada.


#### Parent Company

Our parent company, GPC, is based in Atlanta, Georgia. Studies and analyses relating to the risk of forced labour and child labour were carried out by GPC for the purposes of this report.

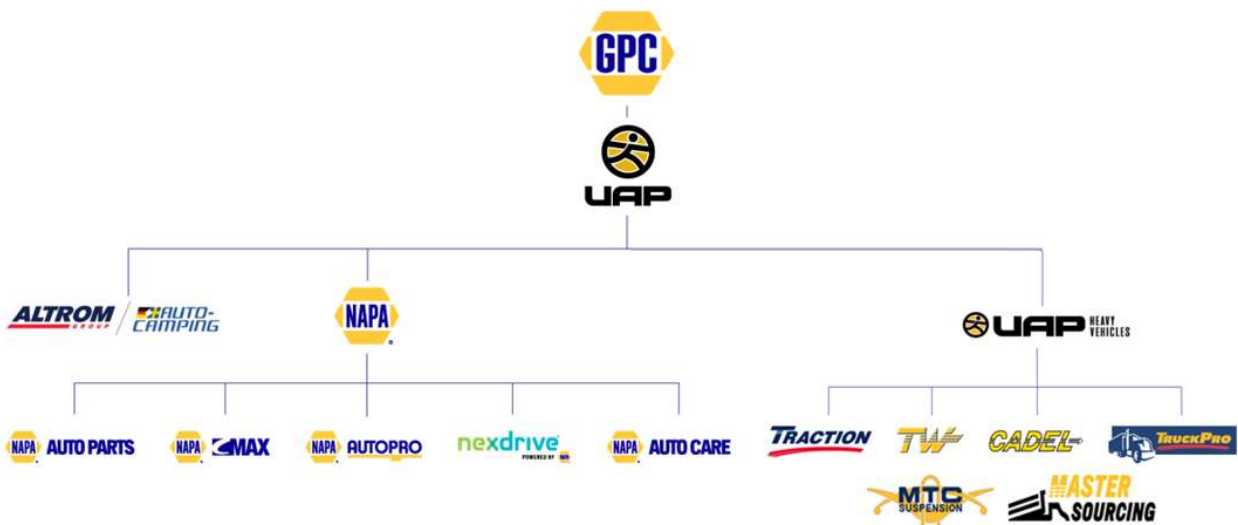
#### Our Divisions

Our operations are divided between the automotive parts market and the heavy vehicle parts market.

<u>Market</u>	<u>Division</u>	<u>Brands</u>
Automotive parts market	<p>This division is made up of corporate and associate stores that sell auto parts, accessories, paint and body shop supplies, as well as affiliated mechanical maintenance and repair service centres.</p> <p>It also includes NAPA and Altrom/Auto Camping distribution centres.</p>	

<p>Heavy vehicle parts market</p>	<p>This division includes associate and corporate Traction stores, affiliated TruckPro repair shops, and, TW and Cadel distribution centres, which distribute parts, accessories, tools and equipment for heavy vehicles, supply specialized parts and accessories for diesel engines and the following industries: road transport, buses, mining, forestry and railroads.</p> <p>Our MTC plant in Chambly, Québec, manufactures leaf springs and threaded rods. The products it creates are aimed at the replacement market and are sold through TW distribution centres as well as to direct customers.</p> <p>Our Master Sourcing subsidiary is located in the Montréal area and specializes in the distribution of hydraulic and pneumatic products for trucks and dump trucks.</p>	
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Organization Chart of UAP Divisions





## **2. Activities**

We have an extensive distribution network across Canada through our NAPA, TW, Cadel and Altrom/Auto Camping distribution centres. These distribution centres supply our associate and corporate Traction and NAPA stores, and affiliated TruckPro service centres across Canada.

Our MTC plant manufactures rods and springs from raw materials, a minority of which are imported. The raw materials are processed and assembled into a finished product, which is then sold to customers.

Our Master Sourcing subsidiary distributes its products directly to customers (small truck-box manufacturers, service and repair centres, end customers) and to our associate and corporate Traction stores.

## **3. Our Supply Chain**

Our supply chain includes suppliers of raw materials, automotive parts and heavy vehicles, as well as our factory and service providers. The raw materials and/or products we import for our divisions come mainly from North America, Asia, Europe and South America.

## **4. Supply Chain Risk Assessment**

Our parent company, GPC, assesses and analyzes our supply chain risk. To determine which parts of our supply chain are considered to be at high risk for forced labour and/or child labour, our supply chain teams perform mapping activities, using frequently updated resources from recognized international or government bodies. After assessment and analysis, a collective decision is made regarding the degree of risk for each region.

For UAP, the risk of forced labour and child labour is due mainly to our purchase of products and raw materials from international suppliers that may be located in areas considered to be high risk.

We are also aware of the risk associated with the international carriers used in our operations. While we may use intermediaries that coordinate international transport, the marine transportation companies used have a code of conduct covering the actions they take to fight forced labour and child labour.

## **5. Due Diligence Policies and Processes**

GPC and UAP have adopted organizational and governance policies through which they communicate their values and expectations. The GPC policies apply to GPC and all GPC subsidiaries, including UAP. The GPC and UAP policies set a high bar for the organization, our suppliers and our selling partners, and make it clear that we do not tolerate any forms of forced labour or child labour. GPC and UAP are committed to consistently evolving and improving our approach. We make every effort, including through carrying our due diligence and audits to monitor the performance of our suppliers, to prevent our activities having a negative impact on human rights. Our relevant policies are discussed in further detail below:

### **a. GPC's Code of Conduct**

The principles found in GPC's Code of Conduct apply to the Board of Directors and all GPC employees, in all locations, as well as consultants, agents, vendors, suppliers, distributors, and business partners ("third parties"). All are expected to follow the spirit and related obligations of the Code of Conduct. The purpose of this Code of Conduct is to guide and encourage all employees to make ethical decisions. It provides content such as decision-making tools, overviews of important topics, examples of integrity at work and guidelines to know what to do when witnessing or experiencing a bad situation or misconduct.



This Code of Conduct includes a section on human rights violations, including forced labour and illegal child labour. There is also a section on GPC whistleblower hotline for anonymously reporting potential breaches of the Code of Conduct.

#### **b. Social Responsibility Standards and Policy**

GPC's approach seeks to understand how its activities and those of its business partners may impact its stakeholders (customers, employees, suppliers, people involved in the supply chain, local communities, and society as a whole) either negatively or positively.

The Social Responsibility Standards and Policy is a document that underscores GPC's high standards and expectations. It provides a clear statement of GPC's expectations and requirements concerning the assessment of its suppliers, the expectations for suppliers, as well as the consequences of non-compliance. The Social Responsibility Standards and Policy requires that suppliers meet certain social standards relating to, among other things, forced labour/prison labour, child labour, and compliance with law.

#### **c. Human Rights Policy**

GPC is committed to respecting human rights and the fundamental principles of human rights, as defined by the Universal Declaration of Human Rights. GPC's Human Rights Policy sets out GPC's commitment to ending human rights abuses in every aspect of its business.

GPC does not and will not tolerate child labour, forced labour, or human trafficking, and GPC does not purchase parts or services from or maintain relationships with companies that do. Its Human Rights Policy is aligned with the Universal Declaration of Human Rights, and GPC expects its suppliers, partners, and affiliates to respect these rights. Selecting suppliers who share the same values is essential.

Under the Human Rights Policy, GPC takes affirmative steps to ensure that its vendors, suppliers and service providers are compliant with all applicable laws and with GPC's standards regarding human rights and equality. Where national law and international human rights standards differ, GPC follows the higher standard.

#### **d. Supplier Code of Conduct**

GPC is committed to excellence, ethics and responsible conduct in its operations and requires our suppliers to adhere to the Supplier Code of Conduct. By adhering to it, the supplier undertakes to comply with the provisions set out therein, two of which deal with staunch opposition to forced labour and child labour. The Supplier Code of Conduct also requires compliance by our suppliers' subcontractors.

#### **e. Supplier Sourcing and Selection**

We expect any party with which we work to adhere to business principles and values similar to our own and comply with all applicable laws and regulations. Before making any commitments towards suppliers we take steps to appropriately evaluate the relationship and mitigate any associated risks by carrying out risk-based due diligence and checks. In addition to risk mapping, our experienced teams use government resources to obtain relevant information about potential suppliers.

After gathering this information, and before deciding to enter into a business relationship, GPC carries out a full audit process for international direct supplier prospects located in geographic areas at high risk of forced labour and child labour.

The audit process includes a full quality assurance audit and a social audit to assess suppliers' compliance with GPC's Social Responsibility Standards and Policy. It may also include onsite surveys conducted by GPC personnel.



- Quality audit

The quality audit ensures that suppliers comply with our strict quality standards.

- Social audit

The social audit is carried out by recognized external auditing agencies and is based on the SA8000® social certification standard. SA8000® is the international certification standard for factories and companies worldwide. It enables organizations to demonstrate their commitment to developing, maintaining, and adopting fair labour practices. This independent standard is considered the most universally accepted in the workplace.

In addition to setting global labour standards, SA8000® also includes the International Labour Organization conventions, the United Nations Convention on the Rights of the Child, and the Universal Declaration of Human Rights.

A thorough audit report is provided by the audit firm to the supplier and GPC, including a recommended corrective action plan, if needed. A follow-up audit is performed to confirm that appropriate corrective measures were taken by the supplier, identifying an appropriate remedy for any workers harmed by the suppliers' practices, where applicable.

#### **f. Assessment of the Effectiveness of Prevention and Reduction of the Risks of Forced Labour and Child Labour in our Activities and Supply Chain**

GPC's audit process is ongoing and is updated regularly to ensure our suppliers meet our high social and human rights standards as set out in our policies described above. We are also committed to continually identifying, assessing, preventing, mitigating, and remedying the human rights impacts associated with our business.

To determine our effectiveness in preventing forced labour or child labour in our supply chain, we hire external certification organizations to conduct monitoring audits of our suppliers' practices. The GPC team may also conduct on-site visits where warranted.

These checks are carried out regularly, and suppliers are informed of the results. If corrective action is required by suppliers, we expect it to be taken as soon as possible. In the event of non-compliance with our policies or refusal to take corrective action to comply therewith, we reserve the right to terminate the business relationship.

In 2023, GPC released its report on its commitments to corporate sustainability in terms of actions taken with respect to environmental, social and governance (ESG) initiatives. This report includes details of our efforts with respect to the prevention of forced labour and child labour. It is available on its website <https://www.genpt.com/sustainability>.

#### **g. Due Diligence Policies and Processes of Controlled Entities**

For our subsidiary Master Sourcing, an on-site verification by GPC's personnel was carried out in fiscal 2023 for its supplier located in geographic area at high risk of forced labour and child labour.

## **6. Remedial Measures and Employee Training**

### **a. Measures Taken to Remediate Forced Labour and Child Labour**

During our 2023 fiscal year, we did not have to take any measures to remedy the use of forced labour or child labour, or measures to remedy actions that caused loss of income for the most vulnerable families.

### **b. Employee Training**

When hired, all UAP employees, whatever their reporting level, are required to undergo a series of training courses that include training with respect to the GPC Code of Conduct.



Employees receive an attestation that they have read the Code of Conduct and that they also understand the responsibilities incumbent upon them. The attestation is updated every two years, and the employee must redo the training.

This shows how important it is for GPC and UAP to promote and pass on human values to their staff, upon hiring and over the long term.

**c. Legal Advice**

To better understand the issues associated with forced labour and child labour, and to ensure legal compliance with the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, we conferred with legal counsel, as needed.

**CONCLUSION**

UAP and GPC are very concerned about the impact of our business practices and social responsibility. We are staunchly opposed to forced labour and child labour, to any action contrary to respect for human rights. Our commitment is demonstrated in the due diligence, policies, and standards we have established. To this end, we continually assess and improve upon our training and policies, and assess the effectiveness of our actions, as appropriate, in order to continue our efforts in the prevention and reduction of the risk of forced labour and child labour in our supply chain.

**APPROVAL AND ATTESTATION**

This Report was approved by the Board of Directors of UAP Inc., pursuant to subparagraph 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 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.

I make the above statement in my capacity as a member of the Board of Directors of UAP for and on behalf of the Board of Directors.

A handwritten signature in blue ink, appearing to read "Alain Masse", is written over a horizontal line.

Full name: Alain Masse

Title: President

Date: May 17, 2024

I have the authority to bind UAP Inc.