

About this Report

CanadaOne Auto is committed to ensuring transparency and responsibility throughout our supply chain in accordance with Canada's *Forced Labour and Child Labour in Supply Chains Act* (the "Act") which came into effect on January 1, 2024. This report has been prepared to outline the measures and policies we have implemented, or plan to implement, to identify, prevent, and mitigate any instances of forced or child labour within our operations and those of our suppliers.

This initiative aligns with our core values and ethical standards, reinforcing our dedication to human rights and corporate responsibility. In this report, we will provide an overview of our supply chain practices, discuss our compliance mechanisms, and present the outcomes of our monitoring and auditing processes.

This report covers the financial reporting period of January 1, 2023 to December 31, 2023 (the "Reporting Period") and includes ongoing activities of CanadaOne Auto, including all of its related dealerships and subsidiary entities up to the date of this report.

Structure, Activities and Supply Chains

1. Structure

CanadaOne Auto operates as a significant organization in the Canadian automotive retail sector. The company's structure is notably expansive, with a broad network encompassing 41 automotive dealerships at the date of this report across multiple provinces including British Columbia, Alberta, Saskatchewan, Manitoba, and Ontario. This network enables CanadaOne Auto to offer a diverse range of automotive brands and services, enhancing its market reach and service capabilities.

Supported from its corporate headquarters in Edmonton, Alberta, CanadaOne Auto is a private organization owned and controlled by Patrick Priestner under a family trust structure with a number of subsidiary entities, each of which undertakes a range of functions and activities in support of the business including the operation of its automotive dealerships, and the management of property and investments.

The leadership team at CanadaOne Auto is comprised of an experienced and dedicated team committed to ensuring consistent service quality and operational efficiency throughout its organization. With over 3,000 employees employed by its various subsidiaries CanadaOne Auto thrives on teamwork and collaboration.

Each dealership under CanadaOne Auto is individually managed by engaged general managers committed to upholding the company's standards, contributing to its reputation for high customer satisfaction and community involvement. CanadaOne Auto's dealerships collectively participate and support over 200 charities and local community organizations.

2. Activities

CanadaOne Auto engages in a multifaceted range of activities within the retail automotive industry, designed to ensure comprehensive service delivery and operational excellence. These activities primarily encompass:

- Vehicle Sales: Central to operations is the retail sale of new and used vehicles, which serves a broad customer base with varying preferences and needs. This includes providing a wide selection

of automotive brands ensuring that customers have access to both luxury and standard vehicle options.

- Parts, Maintenance and Repair Services: CanadaOne Auto provides extensive parts and service offerings, which are crucial for maintaining customer satisfaction post-purchase. This service includes regular maintenance, completing repairs, and the sale of auto parts and accessories, essential for the longevity and optimal performance of the vehicles sold.
- Finance and Insurance (F&I) Services: CanadaOne Auto's F&I services facilitate the vehicle purchasing process for customers, offering tailored solutions with its lender partnerships that enhance the buying experience and protect customers' investments.

3. Supply Chains

CanadaOne Auto's supply chain includes a variety of suppliers who provide goods and services that contribute directly and indirectly to our operations. This ranges from global automobile manufacturers (OEMs) who supply the new vehicles we sell, to domestic vendors that supply parts for maintenance and repair services.

- Automobile Manufacturers: Leading global automobile manufacturers including Ford, Toyota, General Motors, Honda, Kia, Subaru, Mitsubishi, BMW, Mini, Hyundai and Stellantis supply new vehicles and vehicle parts to our dealerships.
- Parts Suppliers: To support vehicle maintenance and repair services, CanadaOne Auto works with numerous other domestic parts suppliers that provide quality automotive parts and accessories. This includes everything from basic maintenance items like oil and filters, to tires, to more complex components such as transmissions and electrical systems.
- Technology Providers: We utilize advanced technology systems from various tech suppliers to manage our inventory, logistics and operations. These systems help us maintain efficiency and transparency across our supply chain, from tracking shipments to managing inventory levels at each dealership.
- Logistics Partners: Our network is supported by several logistics partners who handle the transportation and delivery of vehicles and parts to and from our dealerships. This includes both national and regional carriers, ensuring timely and safe delivery of inventory.
- General Supplier Relationships and Domestic Vendors: CanadaOne Auto utilizes many locally based vendors to supply office and other ancillary business supplies, maintain and renovate our facilities, and provide various other services to our dealerships such as cleaning and security.

Many of our manufacturers and suppliers operate on a global scale with a network that spans numerous countries and regions. This complexity involves multiple tiers of suppliers, each responsible for various components and services essential to the final products and services CanadaOne Auto retails to consumers.

Policies and Due Diligence Processes Relating to Forced Labour and Child Labour

1. Policies

CanadaOne Auto is committed to the highest standards of corporate governance which ensures the integrity and ethical management of our operations. Our leadership team plays a pivotal role in reviewing and adapting our corporate governance policies to adhere to human rights and labour laws and ensure these policies are communicated across our organization. The policy that most specifically relates to our commitment against the use of any forms of forced or child labour in our business activities and supply chains includes CanadaOne Auto's Code of Business Conduct which mandates that all personnel, including directors, officers, employees, and consultants, adhere to the highest ethical standards and comply with all applicable laws. This Code emphasizes the importance of legality and integrity in all business decisions and actions. It also encourages personnel to report any illegal, fraudulent, dishonest, unsafe, negligent, or otherwise unethical actions they observe.

2. Due Diligence Processes

To address and mitigate the risks associated with forced and child labor in our operations and supply chains, we have begun to implement several proactive measures and due diligence processes:

- Risk Assessment: Conduct high level assessments of our key supply chain partners' (OEMs) activities including annual review of their published human rights and supply chain policies and modern slavery reports and statements to identify potential risks of forced or child labor within our supply chains.
- Review Supplier Practices: Review any significant potential suppliers' and service providers' governance practices and policies concerning modern slavery before finalizing any significant new agreements. This review process will help assess their compliance with the Act and confirm their operations are free from forced or child labour. Depending on the risk associated with a supplier, their business relationship length, and their human rights policies, we may require specific provisions in our contracts requiring adherence to all applicable laws expressly confirming the absence of modern slavery in their operations and supply chains.

Risks of Modern Slavery in Operations and Supply Chain

Recognizing the inherent risks that come with the automotive manufacturing sector, CanadaOne Auto takes a cautious approach to supply chain management. Our operations span across Canada, where the risk of modern slavery is generally low due to strong human rights laws and enforcement. However, the complexity of our supply chains, which involve a heavy reliance on procurement from our global original equipment manufacturers, necessitates a vigilant approach.

- Geographical Risks: While our immediate operational region (Canada) present lower risks, the global span of our OEMs' and supplier activities means some components may be sourced from or manufactured in higher-risk areas. These regions might not have stringent labor protections, which increases the risk of modern slavery practices.
- Material Sourcing Risks: The procurement of raw materials needed in the automotive industry often occurs beyond our direct tier one suppliers, which can obscure visibility and control over the

conditions under which these materials are gathered and processed. This lack of direct oversight or control can potentially expose our supply chain to modern slavery risks.

Conducting regular assessment and following the due diligence processes and practices established by CanadaOne Auto will mitigate risk of its activities and supply chains involving the use of forced or child labour.

Remediation

To date CanadaOne Auto has not identified any specific instances of forced or child labor within our retail supply chain and as such has not implemented any remediation measures to this point.

CanadaOne Auto has not identified any loss of income to vulnerable families resulting from measures taken to eliminate the use of forced labour or child labour in its activities and supply chains therefore no remediative actions have been taken.

Assessing Effectiveness and Looking Forward

CanadaOne Auto is committed to continuously enhancing the measures in place to prevent and reduce the risks of forced and child labour within our operations and supply chains. The following outlines the framework and steps we have adopted, or are considering adopting as the case may be, to assess the effectiveness of these measures:

- Policy Evaluation and Updates: CanadaOne Auto has undertaken to regularly review existing policies, such as the Code of Business Conduct, to ensure our policies reflect the most current legal standards and best practices related to human rights and labor laws. Updates will be made to incorporate new insights and address any gaps that might contribute to risks within our supply chain.
- Training and Awareness Programs: To deepen the understanding of modern slavery risks among our staff, particularly those involved in procurement and supply chain management, CanadaOne Auto is evaluating the implementation of targeted training programs to raise awareness about the indicators of forced and child labour and educate our team on the appropriate actions to mitigate these risks.
- Stakeholder and Employee Engagement: Engaging with external stakeholders, including OEMs, suppliers, customers, other industry partners, associations and government agencies, and internally with our own employees will help us gain external perspectives on our practices and identify any areas for improvement. This engagement will be a crucial component of our overall strategy to enhance transparency and accountability in our operations.
- Approve a Zero Tolerance Statement: CanadaOne Auto's leadership team is collaborating on the adoption of a Zero-Tolerance Statement on Forced and Child Labour in 2024, which it views as an integral part of our commitment to ethical business practices. This statement intends to uphold, among other things, that CanadaOne Auto is a people-driven company that values integrity and stands firmly against any form of modern slavery.

As a leading dealership group in the automotive industry, CanadaOne Auto understands the importance of setting precedents that encourage ethical business practices not just within our immediate operations but also across our entire supply network. By adhering to the guidelines and requirements set forth by the Canadian government, we aim not only to comply with the legal mandates but also to foster a culture of integrity and transparency in every aspect of our business.

Approval

This joint report has received approval of the Family Trusts that govern the operations of CanadaOne Auto's reporting entities as outlined in the Act and the Boards of Directors of the included entities as of the date hereof.

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: Daniel Priestner

Title: Trustee of the Family Trusts, and Director of the Boards of the subsidiary entities of CanadaOne Auto

Date: May 30, 2024

Signature:  _____

I have the authority to bind CanadaOne Auto