



## **2023 Forced Labour and Child Labour**

### **Report**

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#### **1. Introduction**

In accordance with Fighting Against Forced Labour and Child Labour Supply Chains Act, (the “Act”), the Knight Group and its Subsidiaries (collectively, the “Knight Group”) are pleased to present its first forced labour and child labour report (the “Report”), covering the financial reporting periods of January 1, 2023 to December 31, 2023.

This Report outlines the efforts and actions the Knight Group has taken over the reporting period in its approach to identify and understand the risk of forced labour and child labour in its operations and supply chain and to strengthen its controls in order to reduce and mitigate these risks.

The Knight Group is committed to doing business ethically and seeks to minimize and eliminate the risk of modern slavery within our supply chain.

#### **2. Reporting Entity**

This report is being filed with respect to the activities of Kevin Knight Management Ltd., Knight Ford Ltd., and Knight Group Holdings USA Inc., referred to as the Knight Group within this report.

This report is being filed as a joint report for the Knight Group, in accordance with section 11(2) of the Act.

#### **3. Structure, Activities and Supply Chain**

##### *a. Structure*

The Knight Group is a multi-location automotive dealership group operating in Canada and the United States.

As of December 31, 2023, the Knight Group includes six entities operating as vehicle dealerships and one entity operating as a marine dealership within Canada and eight

entities operating as vehicle dealerships within the United States. More specifically, the Knight Group operates fourteen franchised dealerships, comprised of ten brands, in two provinces in Canada as well as in California, USA.

The Knight Group has approximately 1,000 full-time employees located exclusively in Canada and the United States.

#### *b. Activities*

The Knight Group's core operations consist of the ownership and operations of automotive retail dealerships across Canada and within California, USA.

The Knight Group's activities include the following:

- Selling new and used vehicles;
- Selling and distributing parts, accessories and vehicle care products;
- Providing vehicle repair and servicing services; and
- Provision of, or facilitation of, vehicle finance, insurance and warranty products related to the sale, purchase, or lease of vehicles.

#### *c. Supply Chain*

The Knight Group's supply chain includes:

- Manufacture and assembly of vehicles and parts;
- Importation of vehicles and parts;
- Local transportation of vehicles and parts to dealerships; and
- Local contracts for services (e.g., employees, cleaning, snow removal, etc.).

During the reporting period, the largest categories of supply chain expenditures included:

- Vehicles (new and used); and
- Vehicle parts.

## **4. Risks of Modern Slavery in Operations and Supply Chain**

### **a. Supply Chain Risks**

When considering the risks of modern slavery practices at the Knight Group, attention is given to the potential for the Knight Group to cause, contribute to, or be directly linked to modern slavery through its operations and supply chain.

The Knight Group's operations are based wholly within Canada and California, USA, which according to Walk Free Foundation's Global Slavery Index 2023 are low risk geographical regions due to the existence of robust human right statutory protections and regulatory oversight. As such, combined with our approach to corporate governance, we believe that the Knight Group is generally at a low-risk from engaging in forced labour and child labour.

We acknowledge, however, that there may be a risk that the Knight Group contributes to, or may be indirectly linked, to modern slavery practices through inherent risks associated within the manufacturing sector for the automotive products sold by the Knight Group. Our most significant supply arrangements relate to the purchase of new vehicles and parts from different original equipment manufactures ("OEMs").

The manufacturing sector is at an increased risk of modern slavery where aspects of manufacturing are outsourced to geographical locations with higher instances of modern slavery practices. The Knight Group is working to better understand the supply chains of its OEM suppliers around the world and their modern slavery policies and practices.

As a result of the foregoing, there is potential risk for the Knight Group's supply chain to cause, contribute to, or be directly or indirectly linked to actual or potential forced labour or child labour. To date, the Knight Group has not identified any specific instances of forced labour or child labour in its supply chain. As such, no remediation activities have been undertaken by The Knight Group.

## **5. Steps Taken and Due Diligence to Prevent and Reduce the Risk of Modern Slavery**

The Knight Group's due diligence process is focused on the identification and management of modern slavery risks. The Knight Group recognizes that the embedding of responsible business conduct into our policies and practices is critical to our continuing efforts to strength our ability to assess our modern slavery risks and evaluate the effectiveness of the Knight Group's policies and practices in this area.

### *a. Code of Business Conduct*

The Knight Group's Code of Business Conduct (the "Code of Conduct") requires that the Knight Group and all its directors, officers, employees and consultants adhere to the

highest ethical standards and to comply with all applicable laws and regulations. The Code of Conduct further provides that all personnel of the Knight Group are encouraged to report, verbally, or in writing any evidence of improper practice of which they are aware of, with the term “improper practice” meaning “any illegal, fraudulent, dishonest, unsafe, negligent or otherwise unethical action by a director, officer, employee or consultant”.

## **6. Effectiveness**

The Knight Group is committed to improvement with respect to its operations and supply chain due diligence to reduce and prevent risks of modern slavery.

## **7. Approval**

This Report has received approval from the Knight Group President and Director.

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 reporting entity and its subsidiaries. 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 years listed above.

By: 

Full Name: Kevin Knight

Title: President and Director

*I have the authority to bind Kevin Knight Management Ltd., Knight Ford Ltd., and Knight Group Holdings USA Inc.*

Date: May 31, 2024