

# Kia Canada Inc.

## Modern Slavery Report 2024



May 2025 |

# Modern Slavery Report

## Financial Year January to December 2024

This report is made and published in accordance with Section 11 of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (“**Modern Slavery Act**” or “**MSA**”). It is the second modern slavery statement released by Kia Canada Inc. (“**KCA**”). KCA's reporting period is 1 January to 31 December 2024. This statement is released in line with the MSA requirements and outlines the steps KCA has taken and will continue to take to prevent modern slavery occurring in our operations and supply chain.

## Business Structure and Operations

KCA is a subsidiary of Kia Corporation based in Seoul, Republic of Korea and a distributor (via a dealership network) of motor vehicles in Canada. Kia Corporation’s management philosophy, including its Human Rights Charter and other relevant policies, applies to it and flows down to all Kia Corporation’s subsidiaries and affiliates, including KCA (collectively, “**KIA**”).

KCA first arrived in Canada in 1999. We have established our headquarters in Mississauga, Ontario. KCA does not own or control any other entities. Currently, there are 197 franchised KIA dealerships across Canada. They operate independently of KCA.

KCA's business comprises of the following components:

- |                    |                            |
|--------------------|----------------------------|
| i. Corporate       | vii. Legal                 |
| ii. Sales          | viii. Strategic Planning   |
| iii. After Sales   | ix. Customer Experience    |
| iv. Marketing      | x. Government Affairs      |
| v. Human Resources | xi. Information Technology |
| vi. Finance        |                            |

Currently, KCA has 194 employees. KCA’s supply chain includes both Canadian and overseas suppliers. KCA’s motor vehicles are built at factories in the Republic of Korea and the United States and Mexico.

## Risks of Modern Slavery in KCA's Supply Chain

KIA is focused on ensuring that forced and child labour practices are not taking place in our supply chain. Based on our Human Right's Charter, KIA has developed a Human Rights Impact Assessment. This includes 18 inspection items relating to forced and child labour. The 2024 Human Rights Impact Assessment did not identify risks. We are aware that while no risks were identified, this does not mean there is no risk of modern slavery. We will continue to work with our suppliers as part of our zero-tolerance approach to modern slavery.

KIA has established a supply chain risk diagnosis process focused on forced labor and Uyghur Forced labor Prevention Act (“**UFLPA**”) risks. This includes an initial risk evaluation, risk screening, additional investigations (documentary and on-site), monitoring of high risk suppliers. In addition, KIA has started mapping its supply chain. It has focused on high risk regions in this process.

## Company Policies

Modern slavery is a crime and a violation of fundamental human rights. KIA has a zero-tolerance approach to modern slavery of all forms, including but not limited to slavery, servitude, forced and compulsory labour and human trafficking, all of which have in common the deprivation of a person's liberty by another in order to exploit for personal or commercial gain.

In response to the risks of modern slavery, KIA has developed its own guiding principles for human rights and labor standards which are observed in the following policies:

- 1) The [Corporate Philosophy](#) guides KIA's legal reporting and compliance as a top priority in conducting business in Canada.
- 2) The [Compliance and Integrity Code of Conduct](#) (“**Code of Conduct**”) applies to everyone at KIA globally, including KCA. KIA expects its business partners, including suppliers to comply with the principles included in the Code of Conduct.
- 3) The [Human Rights Charter](#) stipulates all legal obligations arising from global supply chain laws and regulations, including those on the prevention of forced and child labor, and ensures that minors' opportunity for education is not restricted due to their work.

- 4) The [Supplier Code of Conduct](#) incorporates these obligations to ensure that its third party suppliers are held to these same standards. Contractually, through the Master Parts Supply Agreement, suppliers must represent and warrant compliance with the Supplier Code of Conduct.
- 5) The [Responsible Mineral Policy](#) prohibits the use of responsible minerals mined unethically in conflict regions, and continues to manage responsible minerals ethically and responsibly. KIA investigates the status of responsible mineral use and whether suppliers are transacting with certified smelters.
- 6) KCA's [Whistleblowing Policy](#) allows all employees to confidentially report any concerns they have.

All of the above policies were developed with the goal of being consistent with the Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprise, the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, the International Labor Organization's (ILO) Declaration on Fundamental Principles and Rights at Work, the International Bill of Human Rights (UN Declaration and its two covenants 1948), and the UN Guiding Principles on Business and Human Rights. In fact, KCA complies with all applicable treaties, laws and regulations regarding the prohibition of child labor, including but not limited to, the ILO Convention and relevant local legislation.

More specifically, KCA outlines the following key commitments for itself and its suppliers:

- KCA will not charge any type of fee for workers to gain employment, nor will KIA require the retention of identification papers as a condition of employment.
- KCA will comply with applicable laws and regulations on working hours.
- KCA will compensate workers in compliance with minimum wage laws and regulations in addition to overtime laws and regulations.
- KCA will respect the rights of workers to associate freely and bargain collectively where permitted under relevant laws. Workers may discuss working conditions with management without fear of retaliation.
- KCA will respect the rights of workers to join an association and appoint representatives.

- KCA recognizes that good health and safety practices form an essential part of its business operations and is committed to ensuring the health and safety of all of its employees and those members of the public who may come into contact with those operations. KCA has a duty to put suitable arrangements in place to assess and manage the risks posed to the health and safety of employees in the workplace.

## Modern Slavery Compliance Officer

KCA's Legal Department monitors our compliance with Canadian laws and regulations concerning modern slavery across our business.

## Due Diligence

As part of our initiative to identify and mitigate risk, KIA has systems in place to:

- identify and assess potential risk areas in our supply chains, particularly in the most vulnerable parts of the world. This includes using the Global Slavery Index 2023, US Department of Labor's List of Goods Produced by Child Labor or Forced Labor;
- mitigate the risk of slavery occurring in our supply chains;
- monitor potential risk areas in our supply chains; and
- provide protection for whistleblowers with KCA's Whistleblowing Policy.

KIA diagnoses ESG-related risks, business-related risks, risks by country where partners are located, industries, and products supplied, and is utilizing government and research institute announcements and media research from each country in which KIA operates. Especially for tier-1 and high-risk suppliers, KIA is assessing the risk level of suppliers by utilizing our supply chain ESG evaluation indicators (written/on-site inspection) and mapping tools implemented for high-risk areas and items, and are further strengthening management for suppliers with high risks. Based on the screening results, KIA is designating and separately managing key management partners and high-risk partners that require intensive oversight.

More specifically, within the procurement division, KIA has established a team to advance continuous management of supplier relationships including ensuring safety, and providing timely responses to supply chain management issues involving the parts, raw/secondary materials, equipment, etc., that are supplied to domestic/overseas finished vehicle factories.

KIA mandates that suppliers provide comprehensive supply chain information and self-assessments as required by these laws and guidelines. KIA conducts audits using a risk-based approach, emphasizing the collection of essential information necessary for compliance. All collected data is strictly utilized for regulatory compliance purposes. KIA conducts supply chain mapping through internal and external software and provides suppliers with education programs regarding the necessity and the process of supply chain mapping. By providing ESG training to its suppliers, KIA explains its policies on forced and child labor to the ESG personnel of its suppliers, including the assessment indicators and corresponding response measures for each indicator. Furthermore, KIA conducts regular risk screening to identify risks in the supply chain, including forced and child labor through external programs.

KIA has established a sustainability risk assessment index covering ethics, environment, labor and human rights, and health and safety, in alignment with international standards such as the OECD Guidelines for Multinational Enterprises, EcoVadis, the Responsible Business Alliance, and Drive Sustainability. This index informs our supply chain operation strategy based on supplier size and key risk indicators.

In 2025, KIA will conduct further risk analysis through EcoVadis' externally recognized assessment platform, to strengthen our evaluation process.

For areas deemed high-risk, KIA conducts supply chain mapping and verification in collaboration with external organizations and applies both written and on-site ESG evaluations. In cases where the risk of forced and child labor is severe, KIA receives improvement plans from the suppliers and monitors the progress of these actions. If the ESG assessment score does not meet internal benchmarks, penalties such as bidding restrictions may apply.

## **Remedial Measures**

KIA is committed to remediation and requests immediate corrective actions from suppliers if forced or child labor is identified during audits or through other channels. If non-compliance continues, KIA may terminate the contract and exclude the supplier from future business transactions.

When evaluating and selecting new business partners, KIA conducts thorough written assessments and on-site inspections across four core areas: ethics, environment, labor and human rights, and health and safety. If a new partner receives an ESG evaluation score below KIA's internal benchmark, they are required to submit an

improvement plan and undergo a re-evaluation. Failure to meet the minimum standard in the re-evaluation will result in ineligibility to proceed with the transaction.

KIA applies particularly strict criteria to new suppliers, including minimum expectations related to human rights, greenhouse gas emissions, and water usage.

For suppliers deemed eligible to become a new supplier, KIA requires documentation that outlines their sustainability commitments and improvement plans. This includes formalized agreements such as an ethics pledge, an eco-friendly parts supply agreement, a quality pledge, and an information protection pledge.

Issues identified during site inspections are addressed immediately wherever possible. For more complex or systemic risks, KIA issues detailed evaluation reports that highlight vulnerable areas and initiates structured improvement discussions with partners. These discussions cover the timing, methodology, and scope of corrective actions. In cases where suppliers lack the capacity to independently implement improvements, KIA offers additional support to enable sustainable change.

## **Training and Education**

KIA is raising awareness globally regarding the issues around modern slavery and working with our employees and suppliers on how to recognize modern slavery and what steps to take to reduce the risk of modern slavery.

To ensure compliance with the forced and child labor laws, KIA is enhancing its management and training regarding supply chain regulations not only for its internal executives and employees, but also for its overseas manufacturers and local and overseas suppliers. In 2023, Hyundai and KIA delivered educational training to Procurement, and affiliates' related departments. Last year, KIA conducted training sessions specifically for compliance with forced and child labor regulations for 382 Korean tier-1 suppliers in January 2024, 135 overseas tier-1 suppliers in February 2024, 58 suppliers and 310 executives and employees in North and South America in March 2024, and 61 suppliers and manufacturers in Europe in November 2024. Training materials include guidelines and audiovisual content to enhance transparency in managing parts and raw materials sources.

In 2024, KIA launched a foundational ESG training course for approximately 300 ESG personnel of its suppliers. The course covered the overall ESG framework, global regulatory trends, and evaluation metrics. It was made available online through the Global Partnership Cooperation Center, where over 460 individuals participated

between November 2024 and February 2025. Subsequently, in April 2025, we distributed a newsletter-style publication on supply chain due diligence to all domestic and international global employees, providing further training on supply chain human rights and environmental management.

To measure effectiveness, KIA collects post-training feedback and practical suggestions through surveys, which are used to refine content and ensure real-time application of learning outcomes. In order to maximize effectiveness, practical requests related to the training are made immediately following the training to give personnel an opportunity to apply what they have learned.

### **Assessing the effectiveness of our actions**

KIA has developed a framework to assess the effectiveness of our actions. This includes the following:

- tracking the number of staff who complete the modern slavery training;
- monitoring our first-tier suppliers and ensuring ongoing communication with our suppliers and stakeholders on the risks of modern slavery; and
- conducting internal audits and recording our actions to identify modern slavery risks and track their effectiveness using risk-based tools.

KIA validates the implementation of improvement actions following on-site audits and reviews the outcomes to evaluate their impact. As part of our Responsible Mineral Policy, suppliers are required to submit Conflict Minerals Reporting Templates, Extended Minerals Reporting Templates, and Additional Minerals Reporting Templates to confirm whether responsible minerals are included in mass-produced automotive parts and whether smelters in the upstream supply chain are Responsible Minerals Assurance Process (RMAP)-certified. Starting in 2025, responsible mineral suppliers will be subject to due diligence according to a separate phased process and management indicators.

KIA is investigating the status of responsible mineral use including whether suppliers are transacting with certified smelters and is carrying out related activities to expand the use of certified smelters. KIA actively encourages suppliers that source raw materials through smelters lacking RMAP certification to transition to certified smelters. KIA is also considering the integration of responsible mineral compliance into future purchasing policies. Suppliers that fail to diligently submit sourcing

information or that continue transactions with non-certified smelters may be subject to additional scrutiny or disqualification from future procurement opportunities.

KCA will continue to measure the effectiveness of our procedures to prevent modern slavery occurring throughout any part of our business or supply chains.

## Approval & Signature

This report has been approved by the governing body of KCA. In accordance with the requirements of the *MSA*, 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 *MSA*, for the reporting year listed above.



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Hyun Jung Hwang

President & Chief Executive Officer

May 29, 2025

I have the authority to bind Kia Canada Inc.