

2023 Forced Labour & Child Labour Report

1. Introduction

In accordance with the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, (the "Act"), M. Priestner Family Trust and its wholly controlled entities, 933672 Alberta Ltd. and Pacific 933 Auto T Ltd. (collectively, the "Trust", "we", "us", "our"), are pleased to present our first Forced Labour and Child Labour Report ("Report") that states actions we have taken during the financial reporting period of January 1, 2023 to December 31, 2023 to identify and understand the risk of forced labour and child labour in our operations and supply chain.

The Trust is committed to conducting business with honesty and integrity. Our aim is to strengthen our controls and to properly assess, prevent and reduce the risk that forced labour or child labour is used at any step in our operations and supply chain pursuant to section 11 of the Act. We recognize our responsibility to respect and protect human rights of all individuals who support and intersect with our business; as such, we expect our business partners and suppliers to uphold these same principles and adhere to applicable human rights and employment standard laws.

2. Company Overview & Structure

The Trust owns one of Canada's largest and most successful privately held automotive retail groups (the "Auto Group"). Operating since 1996, we have grown a wide network of dealership and recreational vehicle locations spanning across Canada, and more recently, into the United States. Headquartered in Edmonton, Alberta, Canada, the Auto Group currently employs approximately 3,500 full-time employees across Canada and the United States and is comprised of 28 brands spanning 5 provinces and 1 territory, and Washington, USA. Its brands include Audi, BMW, Chrysler, Jeep, Dodge, Ford, Hyundai, Genesis, Buick, Fiat, Infiniti, Volkswagen, Mazda, Porsche, Jaguar, Land Rover, Lincoln, Kia, Honda, Nissan, Chevrolet, Ram, GMC, Toyota, Mercedes, Sprinter, Mitsubishi, Subaru, Thor, and Forest River.

3. Activities & Supply Chains

The operations of the Auto Group include new and used vehicle sales, the sale of vehicle accessories, parts, care products, vehicle repair and servicing, and the provision and facilitation of financing, insurance, and warranty products associated with the sales, purchase, or lease of vehicles.

The Auto Group's supply chain is primarily based on the supply chain of Original Equipment Manufacturers ("OEMs"). It also purchases goods and services from other third-party suppliers, and these suppliers are based within Canada and the United States. A detailed breakdown of these suppliers' products and services include:

- Motor vehicles, parts, and accessories.
- Equipment and consumables, such as those relevant to our servicing businesses.
- Logistics and transport services.
- Finance and insurance products.
- Professional services, including legal and tax advice.
- Car washing and detailing services.
- Property, cleaning, storage, and waste disposal services.
- Information technology and telecommunication equipment and services.
- Office services and supplies.
- Food and beverage services.
- Personnel and recruitment services.

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4. Steps Taken to Prevent & Reduce the Risks of Forced & Child Labour

In our financial year ending December 31, 2023, our approach to preventing and reducing the risks of forced labour or child labour in our operations focused on ensuring applying formal policies, codes of conduct for our employees, and complying with laws protecting the Auto Group's customers, colleagues, and employees. In our supply chains, we conducted a high-level assessment of the risks of forced labour or child labour in the Auto Group's supply chains and reviewed the available information about the OEMs and suppliers' practices relating to modern slavery risks.

5. Policies & Due Diligence Processes

The Trust is committed to protecting human rights, founded on a strong belief in doing what is right and creating a safe and inclusive experience for all colleagues and workers across our value chain and for the many customers who choose the Auto Group's products and services. We do not manage the day-to-day operations of the Auto Group, which has an independent management team responsible for managing risks associated with its operations and supply chains. Our involvement is limited to governance and oversight of risk management, strategy, and operational decisions.

Through our governance and oversight of the Auto Group, we are aware that, through formal policies, codes of conduct for its employees, and adherence with provincial, state, and federal compliance standards, the Auto Group strives to uphold the rights of customers, colleagues, and employees, as well as the many workers, including migrant and temporary rers, across its companies.

The Auto Group's due diligence with respect to its supply chain consists of complying with the conditions of its agreements with the OEMs and purchasing products and services from known, reputable suppliers and service providers in Canada and the United States.

Furthermore, the Auto Group's Employee Code of Conduct notes that it "applies to all employees... across all jurisdictions" and encompasses "independent contractors, consultants, agents, and other representatives". Specifically, it states that all individuals "must always follow applicable jurisdictional laws, rules, and regulations". The onboarding process for all new staff ensures that the Code of Conduct is communicated properly and clearly to all employees who join the organization. By adhering to company policies and procedures that comply with legal and regulatory requirements, the Auto Group is confident that it has mitigated the risk of forced labour or child labour within the workforce.

Moving forward, the Auto Group will be updating its codes of conduct to directly incorporate language that outlines the principles and accountability for human rights, as described in this Report.

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6. Assessment of Forced Labour & Child Labour Risks

The Trust has conducted a high-level assessment of the risks of forced labour or child labour within the Auto Group's operations and supply chains. We have reviewed various OEM's Supply Chains Act Reports to gain an understanding of the OEM's practices in place to mitigate forced labour and child labour risks, and we have consulted with the Auto Group with respect to their engagement with other key suppliers on the issue of modern slavery risks within the supply chain network.

The supply chains in the automotive industry are complex. There are numerous levels of suppliers between the Auto Group's dealerships and the source of raw materials that form the basis of the business' supply chains. Despite this, we are confident that the Trust and the Auto Group operates in a relatively low-risk business sector. This is because the Auto Group's principal suppliers of goods are OEMs, which have robust governance, business practices and sophisticated anti-slavery policies and procedures in place.

Despite the safeguards put in place by the OEMs, we are keenly aware of the potential for the Trust or the Auto Group to cause or contribute, directly or indirectly, to modern slavery through its operations and supply chain where aspects of manufacturing are outsourced to geographical locations with higher instances of modern slavery practices. We are working to better understand the supply chains of all key partners and their corresponding modern slavery policies and practices to mitigate forced labour and child labour risks going forward.

7. Remediation Measures

Our Report recognizes that there is no "one size fits all" approach to remediation, and our response to any such matters would be formulated considering the prevailing facts and circumstances. In all cases, however, we will respond in a manner that is appropriate and ensures that the victim's wellbeing is prioritized. The Auto Group encourages its employees to report conduct that is contrary to its policies and codes of conduct, through confidential internal reporting mechanisms.

To date, the Trust has not identified any specific instances of forced labour or child labour in its supply chain, and therefore, no remediation measures have been taken.

8. Remediation of Loss of Income

To date, the Trust has not identified any instances where the measures we have implemented to eliminate forced labour or child labour from the Auto Group's supply chain has led to the loss of income, and as such no remediation measures have been taken to address this issue.

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9. Training

The Trust is continuing its endeavors to ensure that the Auto Group and its people are mitigating any risk of forced labour or child labour in its supply chain and in its operations. In accordance with the Auto Group's established workplace policies and codes of conduct, it trains employees to comply with legal and statutory requirements relating to safety and human rights at the workplace.

As part of our commitment to strengthen our controls in accordance with the Act, we are exploring additional training programs and materials offered through third party specialists and supplier partners to increase our knowledge and awareness of the indicators, risks, and due diligence requirements relating to the risks of forced labour and child labour.

10. Assessing Effectiveness

The Trust is committed to continuously improving our awareness surrounding modern slavery policies and risks. We will be taking action to assess our effectiveness in preventing and reducing the risks of modern slavery, including by working with the Auto Group to improve our understanding of modern slavery policies and practices in its extended supply chain.

11. Approval & Attestation

This Report has been approved by the Trustees or the Directors of each of the reporting entities covered by this statement, being M. Priestner Family Trust., 933672 Alberta Ltd., and Pacific 933 Auto T Ltd. in accordance with section 11(4)(b)(ii) of the Act.

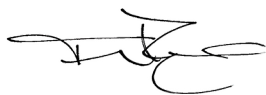
In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity and each of its controlled entities. Based on my knowledge and having exercised reasonable diligence, I attest that the information 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: Christopher Burrows

Title: Director

Date: May 28, 2024

Signature:



I have the authority to bind 93372 Alberta Ltd. and Pacific 933 Auto T Ltd.

Full name: Michael Priestner

Title: Trustee

Date: May 28, 2024

Signature:



I have the authority to bind M. Priestner Family Trust