

Supply Chains Act Report

Introduction

This report is made on behalf of Kaizen Automotive Group (the Company), consisting of:

- Autoplus Resources Ltd.
- CMP Automotive Limited Partnership
- Country Sun Automotive Limited Partnership
- Okotoks Chevrolet Buick GMC Limited Partnership
- Shaw GMC Chevrolet Buick Limited Partnership
- Summit Acceptance Limited Partnership
- Summit Chevrolet GMC Buick Limited Partnership
- Universal Ford Lincoln Limited Partnership

and describes the actions taken by the Company during the financial year ending December 31, 2023 to assess, prevent and reduce the risk that forced labour or child labour is used at any step in its operations and supply chains pursuant to the requirements of section 11 of the Fighting Against Forced Labour and Child Labour in Supply Chains Act (“Act”). This Report constitutes the first report prepared by the Company under the Act.

2. Structure, Activities and Supply Chains

The Company is an automotive group consisting of a corporate parent with investments in limited partnership subsidiaries (vehicle dealerships and a lease & rental business) listed above, based in Alberta.

The Company specializes in the retail sale of motor vehicles and parts as well as comprehensive vehicle servicing and repairs. In addition to retail sales, we have a lease and rental division, and a handful of the dealerships provide body shop services. The dealerships are within Alberta selling both new and used vehicles, while the lease and rental operations are spread throughout Canada.

As a dealer of new and used vehicles and their parts, our supply chain is primarily based on the supply chain of automotive manufacturers. Specifically, as an authorized Ford, General Motors, Hyundai, Isuzu, Lincoln, and Nissan dealer, the majority of the Company’s procurement spend is with original equipment manufacturers. Each manufacturer has filed a forced labour report with Public Safety Canada and can be found on its respective website.

In addition to non-OEM purchases, the Company sources goods and services from third-party suppliers. These suppliers provide goods and services equivalent to OEM but for immediate purchasing. These are large, reputable suppliers who have filed their reports with Public Safety Canada and can be found on their respective websites.

Policies and Due Diligence Processes

Embedded within our policies and management systems are responsible business conduct. Our employment processes are guided by the Employment Standards Code of Alberta and other respective provincial employment codes.

The Company has an Employee Handbook which provides the foundation for our personal and business conduct. It must be read and signed at hiring and further reviewed by every employee on an annual basis. The code provides guidance on employee conduct in all matters of the business to ensure we are operating with integrity.

The Company strives to provide the highest quality goods and services which requires purchasing from reputable third-party suppliers. Prior to purchase, the suppliers are researched to determine if their goods and services are up to our standards. This review is completed by our Service and Parts Managers and Directors. Given we are not manufacturing any goods or services, we rely on the supplier to ensure their business is free from forced labour.

Assessment of Forced Labour and Child Labour Risks

The Company has not independently engaged in its own risk assessment with regards to forced labour or child labour in its supply chain. As the majority of the Company's supply chain is based on the supply chain of OEMs, it relies on the assessment undertaken by the OEMs with regards to the extent of this risk. The remaining supply chain based on third-party suppliers relies on the assessment undertaken by the third-party suppliers.

Remediation Measures

The Company has not identified any instances of forced labour or child labour in its supply chain, and so no remediation measures have been taken.

Remediation of Loss of Income

The Company has not identified any instances where the measures it has implemented to eliminate forced labour or child labour from its supply chain has led to the loss of income, and so no remediation measures have been taken to address this issue.

Training

The Company requires employees to review the Employee Handbook annually which includes sections on personal and business conduct along with references to the Canada Human Rights Act.

Assessing Effectiveness

The Company has not taken any action to assess its effectiveness in addressing risks of forced labour and child labour in its activities and supply chains.

Approval and Attestation

This report has been approved by the Board of Directors of The Company 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 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: Troy Paulence

Title: Chief Financial Officer

Date: May 31, 2024

Signature: *Troy Paulence*

I have the authority to bind The Company.