

Lithia & Driveway's 2024 Canadian Modern Slavery Report

Disclosures:

This Report is a joint report and applies to Lithia Canada Holding Company, Inc., and all of our subsidiaries that are listed on Schedule A. The use of the words “we”, “us” and “our” refers to Lithia Canada Holding Company, Inc., and the other reporting entities included in this Report. This Report has not been prepared as financial or investment advice or to provide any guidance in relation to our future performance. This Report does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for any securities.

Forward-Looking Information

Certain information in this Report may constitute forward-looking information within the meaning of applicable securities legislation. Forward-looking information may also include information regarding our respective future plans or objectives or other information that is not comprised of historical fact and includes statements that contain words such as “could”, “should”, “anticipate”, “expect”, “believe”, “plan”, “propose”, “estimate”, “intend”, “project”, “will”, “may”, “forecast”, “outlook” and similar expressions suggesting future outcomes or events. However, such forward-looking information involves significant risks and uncertainties.

A number of factors could cause actual results to differ materially from those discussed in the forward-looking information. These risks include government regulations and legislation; changes in customer demand, our relationship with, and the financial and operational stability of, OEMs and other suppliers; and changes in the competitive landscape, including through technology and our ability to deliver new products, services and customer experiences and a portfolio of in-demand and available vehicles. We caution readers not to place undue reliance on any such forward-looking information. Such information is current only as of the date on which it was made. Unless otherwise required by applicable securities laws, we do not intend, nor do we undertake any obligation, to update or revise any forward-looking information contained in this Report.

Market and Industry Data

This Report includes market and industry data that was obtained from third-party sources, industry publications and publicly available information, as well as industry data prepared by us or on our behalf on the basis of knowledge of the sector in which we operate. We believe that the market and industry data is accurate and that our estimates and assumptions are reasonable but there can be no assurance as to the accuracy or completeness of this data as it has not been independently verified.

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Lithia Canada Holding Company, Inc., and each of our subsidiaries, is committed to preventing the occurrence of forced labour and child labour in our operations and supply chains. We have zero tolerance for unethical or irresponsible business practices, such as child labour, forced labour, or any other form of slavery. We expect our suppliers to align with our commitment to these principles and uphold our values.

This report (the "Report") has been prepared following Section 11 of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "Act") and outlines the actions we have taken during the year ended December 31, 2024, to prevent and reduce the risk of forced labour or child labour occurring in our business.

2024 Overview

Of the fifteen dealership locations we operate in Canada, all are located in markets with a low risk of forced labour according to the Walk Free Global Slavery Index¹, the leading comprehensive report that measures the prevalence of modern slavery worldwide. As outlined in our 2023 Canadian Modern Slavery Report, we have taken further steps to enhance transparency and disclosure regarding forced labour and child labour in our supply chain. In 2024, we conducted a risk analysis of our tier-one automotive vehicle supply chain to assess the level of modern slavery risk associated with the plant and factory locations of our OEM partners. Please see the section '*Risk Assessment & Management*' for details on our risk assessment and the actions taken by our OEM partners.

Entity Structure

Lithia's Canadian entities are primarily incorporated in the province of Alberta, with several incorporated in the province of Ontario. Our Canadian operation's headquarters is located in Vaughan, ON while the parent entity, Lithia Motors, Inc. is headquartered in Medford, OR, USA. Please see Schedule A for a complete list of reporting entities.

¹ Walk Free, Global Slavery Index World Map, Canada, 2024, found [here](#).



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Activities of Business

Lithia/Pfaff

Our Lithia and Pfaff brands primarily operate franchise dealership locations specializing in the sale, lease, and service of new and used automotive vehicles.

GreenCars

GreenCars was created to give consumers a dedicated resource that provides free, easy access to information about low and zero-emission vehicles. As part of one of the largest automotive retailers, the GreenCars brand is also able to connect customers to shop directly from our dealerships' inventory.

Driveway

In addition to our physical dealership locations, we offer our customers the optionality to purchase their vehicles online with our proprietary service Driveway, where customers can order their vehicle online and have it delivered straight to their driveway.

Driveway Finance Corporation

Driveway Finance Corporation or DFC is an indirect auto lending finance company. This segment operates as the primary lender for Lithia Motors and Lithia-owned dealer groups, providing low-friction financing for consumers and dealers alike.

Supply Chains

The automotive industry's supply chain is unique to other industries in the level of supplier tiers that are incorporated from raw materials to the finished product in the dealership showroom. Below are the top three types of direct suppliers that Lithia engages with in our operations.

Automotive Vehicles

As a large franchise dealer group in Canada, the most prominent area of our supply chain is in the sourcing of new automotive vehicles from our vehicle manufacturer or OEM (Original Equipment Manufacturer) partners. Through Dealer Sales and Service Agreements with our various OEM partners, we are authorized to sell new vehicles sourced directly from the manufacturer of each vehicle brand.

Our top suppliers in this segment are primarily headquartered in Germany, which is listed as one of the top five countries with the least prevalence for modern slavery according to the Walk Free Global Slavery Index². In addition, our internal risk analysis determined that the majority of our OEM partners' plant and factory locations are situated in countries classified as having a low prevalence of modern slavery, according to the Walk Free Global Slavery Index³.

Automotive Parts

Not only do we sell new and used automotive vehicles, but we also provide warranty and elective repair service for our customers. To complete the necessary servicing, we source automotive parts from our OEM partners and other large automotive parts distributors.

Our top suppliers in this segment are primarily headquartered in the United States and Canada, which both have a low level of vulnerability and prevalence for modern slavery according to the Walk Free Global Slavery Index^{4,1}.

Software Services

To keep our dealership and support services functioning properly and in the most efficient manner, we utilize various software services including dealer management systems (DMS) and assorted enterprise software systems for our support functions such as human resources, IT, marketing, and finance/accounting.

The top suppliers in this segment are also primarily headquartered in the United States and Canada, which both have a low level of vulnerability and prevalence for modern slavery according to the Walk Free Global Slavery Index^{4,1}.

² Walk Free, Global Slavery Index Explore Data, 2024, found [here](#).

³ Walk Free, Global Slavery Index World Map, 2024, found [here](#).

⁴ Walk Free, Global Slavery Index World Map, United States, 2024, found [here](#).

Policies

At Lithia we pledge to actively oppose modern slavery in any form within our operations and supply chains by implementing stringent policies for our operations and our external vendors.

Lithia's Code of Business Conduct and Ethics specifically includes the statements below on child labour and forced labour.

"The diverse environments in which the Company operates require that the statements of our basic working conditions and labor standards be general in nature. However, we are committed to following labor standards in any and every working environment. It is also our expectation that our vendors and suppliers will do the same and operate in compliance with all applicable labor laws in their local operating jurisdictions. The Company has not and never will knowingly conduct business with individuals, agencies, or companies that operate against the below Workforce and Human Rights standards."

- **"Child Labor:** The Company will not use Child Labor. In no event will the Company employ a person below the age of 18, unless the individual is an approved participant in an educational or apprenticeship program that would be clearly beneficial to the participant and is approved by Lithia Support Services."
- **"Forced Labor:** The Company forbids all work or service which is not voluntary, obtained under the menace of any penalty or demanded as a means of repayment of a debt. We will not tolerate physically abusive disciplinary practices. No individual is requested to pay a fee upon commencing employment with the Company. The request of documents aimed at confirming the employee's identity complies with all provisions of state and federal law. The Company does not use or support human trafficking under any situation in its workforce."⁵

In addition, our Statement on Supply Chain Management includes the following provisions.

"Lithia Motors, Inc. ("Lithia") does not conduct, support or condone human trafficking or slavery. As it is our expectation that our employees act within the confines of state and federal law and conduct themselves ethically, we insist our vendors do the same. To that end, Lithia Motors does not knowingly conduct business with individuals, agencies, or companies that conduct, support, condone or facilitate human trafficking, slavery or who work outside the confines of the law."⁶

⁵ Lithia Motors, Code of Business Conduct & Ethics, pg. 7-8, found [here](#).

⁶ Lithia Motors, Code of Business Conduct & Ethics, pg. 10-11, found [here](#).

Risk Assessment & Management

Our direct operations for our Canadian reporting entities are all located in Canada which, according to the Walk Free Global Slavery Index, has a low level of vulnerability to modern slavery and a low level of prevalence of modern slavery¹. Even our operations that are not classified as reporting entities are located in the United States⁴ and the United Kingdom⁷ where the level of risk is also low.

Over the past year, we conducted a risk assessment focused on the potential presence of forced labour and child labour within our tier-one automotive vehicle supply chain. This supply chain primarily comprises our manufacturer/OEM partners, as our core consumer product is the vehicles supplied by these OEMs for retail. Utilizing the MarkLines platform⁸—a comprehensive supplier database for the automotive industry—we identified plant location data for the vehicle manufacturers responsible for approximately 95% of our new and fleet vehicle sales in Canada during the last year. We then cross-referenced these plant locations with country-level modern slavery prevalence data from the Walk Free Global Slavery Index³. This allowed us to estimate the proportion of our tier-one supply chain operating in regions classified as having low, medium, or high risk of modern slavery.

The results of our risk analysis, modeled according to the above methodology, indicate that 82.81% of our tier-one automotive vehicle supply chain is located in countries assessed as having a low risk of modern slavery, including Germany⁹, China¹⁰, and the United States⁴. Additionally, 13.12% of the supply chain falls within countries classified as medium risk, such as Mexico¹¹ and India¹², and 4.07% is associated with high-risk countries, including Russia¹³ and Ukraine¹⁴.

The automotive industry's supply chain is known for its depth and complexity, often spanning up to ten tiers of suppliers from raw materials to the final vehicle at dealerships. We place trust in our manufacturer/OEM partners to oversee their supply chains effectively, particularly regarding the critical issue of modern slavery. The use of any form of modern slavery would cause an untold amount of reputational harm for both sides of our partnership, as well as being immoral, which incentivizes our OEM partners to complete the necessary due diligence when selecting their component suppliers.

⁷ Walk Free, Global Slavery Index World Map, United Kingdom, 2024, found [here](#).

⁸ MarkLines, Information Platform, OEM Plants, 2024, found [here](#).

⁹ Walk Free, Global Slavery Index World Map, Germany, 2024, found [here](#).

¹⁰ Walk Free, Global Slavery Index World Map, China, 2024, found [here](#).

¹¹ Walk Free, Global Slavery Index World Map, Mexico, 2024, found [here](#).

¹² Walk Free, Global Slavery Index World Map, India, 2024, found [here](#).

¹³ Walk Free, Global Slavery Index World Map, Russia, 2024, found [here](#).

¹⁴ Walk Free, Global Slavery Index World Map, Ukraine, 2024, found [here](#).



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Just as we expect our employees to adhere to legal and ethical standards, we extend the same expectation to our vendors. Each of our OEM partners, representing our reporting entities, must release their individual statements concerning modern slavery in their supply chains. These statements encompass comprehensive details regarding their policies, identified risks at further tiers of the vehicle supply chain, and procedures in case of non-compliance by their vendors. In addition, we trust our manufacturers to resolve any substantiated cases of modern slavery fairly and efficiently when such issues are brought to their attention.

Reporting

Lithia provides access to an online, anonymous corporate whistleblower hotline for all employees or external parties to report any violations of codes or policies. It is the Company's policy not to allow retaliation for reports of misconduct by others made in good faith.

www.lithiaemployeefeedback.com

Remediation Measures

There have been no cases to date where Lithia has knowingly engaged in either forced labour or child labour, nor engaged with a supplier/vendor that knowingly engaged in forced or child labour. If in the future a case of modern slavery arises within Lithia's supply chain or operations, we retain the right to take appropriate action in line with our company's policies and values, which may include termination of the business relationship or other suitable measures.

Training

Lithia's four core values guide employee behavior and decision-making across all areas of the business. In addition to promoting ethical conduct, the company provides a well-publicized whistleblowing hotline and conducts a regular ethics survey, both of which offer employees accessible channels to raise concerns confidentially. These mechanisms help reinforce a culture of accountability and transparency should any forced labour or child labour issues arise.



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Assessing Effectiveness

From the nature and location of our operations, our direct risk of modern slavery in our operations and tier-one suppliers is predominantly low. We will continue to monitor the risk associated with forced labour and child labour. As disclosures regarding supply chain tiers deepen so too will our transparency and reporting.

Officer Approval

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.

A handwritten signature in blue ink, appearing to read "E. Impert", written over a horizontal line.

I have the authority to bind Lithia Canada Holding Company, Inc. and its reporting subsidiaries.

Edward Impert

Assistant Secretary, Executive Officer

05/23/2025

Schedule A – Reporting Entities

Entity Name	Province of Incorporation	Date of Incorporation	CRA Business No.
Autoworks Markham, LP	Alberta	June 16, 2021	793381500
Autoworks Markham GP, Inc.	Alberta	June 16, 2021	793325002
Autoworks Woodbridge, LP	Alberta	June 16, 2021	793345208
Autoworks Woodbridge GP, Inc.	Alberta	June 16, 2021	793403700
Canada-MC, LP	Alberta	June 18, 2021	792785800
Canada-MC GP, Inc.	Alberta	June 18, 2021	792866303
Guelph-S, LP	Alberta	June 16, 2021	793326208
Guelph-S GP, Inc.	Alberta	June 16, 2021	793386509
L817, Inc.	Ontario	February 27, 2024	792659229
Lithia Canada Holding Company, Inc.	Alberta	June 16, 2021	793421108
Lithia Canada Leasing, LP	Alberta	June 16, 2021	793339805
Lithia Canada Leasing GP, Inc.	Alberta	June 16, 2021	793398108
Lithia Canada Real Estate, Inc.	Alberta	June 16, 2021	793408501
Lithia Canada Real Estate 2, Inc.	Alberta	August 24, 2021	780982005
Lithia Master GP Company, Inc	Alberta	June 16, 2021	793413501
Lithia Master LP Company, LP	Alberta	June 16, 2021	793405903
Markham-B, LP	Alberta	June 16, 2021	793322207
Markham-B GP, Inc.	Alberta	June 16, 2021	793322405
Markham-P, LP	Alberta	June 16, 2021	793322801
Markham-P GP, Inc.	Alberta	June 16, 2021	793381708
Mississauga-B, LP	Alberta	June 16, 2021	793380106
Mississauga-B GP, Inc.	Alberta	June 16, 2021	793380700
Motus Car Rental, LP	Alberta	June 18, 2021	792854903
Motus Car Rental GP, Inc.	Alberta	June 18, 2021	792792202
Newmarket-A, LP	Alberta	June 16, 2021	793385501
Newmarket-A GP, Inc.	Alberta	June 16, 2021	793328402
Newmarket-V, LP	Alberta	June 16, 2021	793389909
Newmarket-V GP, Inc.	Alberta	June 16, 2021	793334202
Richmond Hill-H, LP	Alberta	June 16, 2021	793399908
Richmond Hill-H GP, Inc.	Alberta	June 16, 2021	793347006
Thornhill-A, LP	Alberta	December 13, 2022	784787814
Thornhill-A, GP, Inc.	Alberta	December 13, 2022	746937945
Thornhill-H, LP	Ontario	February 25, 2022	745123109
Thornhill-H GP, Inc.	Ontario	February 25, 2022	745152702
Vancouver-MP, LP	Alberta	June 16, 2021	793332404
Vancouver-MP GP, Inc.	Alberta	June 16, 2021	793390501
Vaughan-A, LP	Alberta	June 16, 2021	793393703
Vaughan-A GP, Inc.	Alberta	June 16, 2021	793338401



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Vaughan-D, LP	Alberta	October 14, 2022	758571541
Vaughan-D, GP, Inc.	Alberta	October 14, 2022	796516813
Vaughan-P, LP	Alberta	June 16, 2021	793351008
Vaughan-P GP, Inc.	Alberta	June 16, 2021	793413709
Vaughan-S, LP	Alberta	June 16, 2021	793396508
Vaughan-S GP, Inc.	Alberta	June 16, 2021	793343807
Woodbridge-MC, LP	Alberta	June 16, 2021	793335001
Woodbridge-MC GP, Inc.	Alberta	June 16, 2021	793337403
Woodbridge-PA, LP	Alberta	June 16, 2021	793386905
Woodbridge-PA GP, Inc.	Alberta	June 16, 2021	793331000