

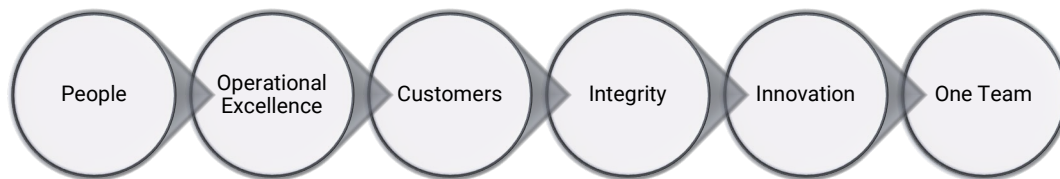
1. Introduction

a. About this Report

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

This Report outlines the efforts and actions AutoCanada 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.

These activities are underpinned by the following corporate values, which express the standards and behaviours expected by all AutoCanada team members and guides AutoCanada’s interactions with its stakeholders.



AutoCanada is committed to doing business ethically and takes a zero-tolerance approach to all forms of modern slavery in our organization and seeks to minimize and eliminate the risk of modern slavery in our supply chain.

2. Structure, Activities and Supply Chains

a. Structure

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

AutoCanada has a publicly-listed parent company (TSX: ACQ) incorporated in Canada, with its corporate head office located in Edmonton, Alberta.

As of December 31, 2023, AutoCanada includes approximately 300 subsidiary entities operating vehicle dealerships and collision centres across Canada and in Illinois, USA. More specifically, AutoCanada operates 83 franchised dealerships, comprised of 28 brands, in eight provinces in Canada as well as a group in Illinois, USA. AutoCanada currently sells Chrysler, Dodge, Jeep, Ram, FIAT, Alfa Romeo, Chevrolet, GMC, Buick, Cadillac, Ford, Infiniti, Nissan, Hyundai, Subaru, Audi, Volkswagen, Kia, Mazda, Mercedes-Benz, BMW, MINI, Volvo, Toyota, Lincoln, Acura, Honda and Porsche branded vehicles. In addition, AutoCanada's Canadian operations segment currently operates three used vehicle dealerships and one used vehicle auction business supporting the Used Digital Division, 12 RightRide division locations, and 11 stand-alone collision centres within our group of 27 collision centres.

AutoCanada has approximately 6,000 full-time employees located exclusively in Canada and the United States.

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b. Activities

AutoCanada's core operations consist of the ownership and operation of automotive retail dealerships and collision centres across Canada and in Illinois, USA.

AutoCanada'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 Chains

AutoCanada's supply chains includes:

- manufacture and assembly of vehicles and parts;
- importation of vehicles and parts;
- local transportation of vehicles and parts to dealerships and service centres; and
- local contracts for services (e.g., employees, cleaning, snow removal, etc.).

AutoCanada does not currently have a centralized procurement function, with procurement conducted through our corporate offices and individual dealerships and collision centres.

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

- vehicles (new and used); and
- vehicle parts.

Other expenditures include:

- consumables (vehicle related – fuel, oil, paint and lubricants); and
- vehicles services (transport, storage and detailing).

3. Risks of Modern Slavery in Operations and Supply Chain

a. Our Approach

AutoCanada has a robust corporate governance framework, with the Board of Directors of AutoCanada Inc. (the "Board") being responsible for the stewardship of the affairs of AutoCanada and establishing and maintaining a culture of integrity in the conduct of the affairs of AutoCanada. The Governance and Nominating Committee is specifically responsible for reviewing and assessing AutoCanada's corporate governance policies and practices, governance developments, and best practices and, when considered appropriate, reporting and making recommendations to the Board concerning corporate governance policies and practices with respect to supply chain management.

In seeking to prevent and reduce the risk that forced labour or child labour was used in our operations and supply chains, AutoCanada has:

- conducted a high-level internal assessment of the risks of forced labour or child labour in our activities and supply chains;
- embedded responsible business conduct into certain of our policies and practices; and
- engaged with certain supply chain partners on the issue of addressing forced labour or child labour.

b. Supply Chain Risks

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

AutoCanada's operations are based wholly within Canada and Illinois, 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 AutoCanada is generally at low-risk from engaging in forced labour and child labour.

We acknowledge, however, that there may be a risk that AutoCanada contributes to, or may be indirectly linked, to modern slavery practices through inherent risks associated with the manufacturing sector for the automotive products sold by AutoCanada. Our most significant supply arrangements relate to the purchase of new vehicles and parts from different original equipment manufacturers ("OEMs"). The OEMs from which AutoCanada purchases new vehicles and parts for resale are generally large multinational organizations with robust governance and business practices, characterized by geographically dispersed manufacturing and supply chains.

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. AutoCanada is working to better understand the supply chains of its OEM suppliers around the world and their modern slavery policies and practices.

AutoCanada acknowledges that the raw materials procurement process does not often take place from our direct, tier one suppliers, but may occur further down our supply chain. This reduces our visibility over the raw materials used within our supply chain to produce components used in vehicle and parts manufacturing.

As a result of the foregoing, there is potential risk for AutoCanada's supply chain to cause, contribute to, or be directly or indirectly linked to actual or potential forced labour or child labour. To date, AutoCanada 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 AutoCanada.

4. Steps Taken and Due Diligence to Prevent and Reduce the Risk of Modern Slavery

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

a. Adoption of a Zero-Tolerance Statement

In August 2023, the Board approved a zero-tolerance Statement on Forced and Child Labour (our “Forced Labour Statement”) which is attached to the Report as Schedule “A” and available on our Investors Relations website. Our Forced Labour Statement highlights that AutoCanada is a people-driven company that upholds values such as integrity, one of our core values, and is opposed to any form of modern slavery. Our intention is to continue to share our Forced Labour Statement with certain of our large suppliers and confirm that they are aligned with this position.

b. AutoCanada’s policies and practices

AutoCanada’s corporate governance framework is supported by a number of policies, documents and practices, a number of which are related to or affirm our zero-tolerance stance on modern slavery.

c. Code of Business Conduct

AutoCanada’s Code of Business Conduct (the “Code of Conduct”) requires AutoCanada and all its directors, officers, employees and consultants (“AutoCanada Personnel”) to adhere to the highest ethical standards and to comply with all applicable laws. More specifically, the Code of Conduct articulates the following: “AutoCanada and all AutoCanada Personnel shall comply with the letter and spirit of all laws and regulations applicable to AutoCanada’s activities. A concern for what is right must underlie all business decisions.” The Code of Conduct further provides that all AutoCanada personnel are “encouraged to report, verbally, or in writing any evidence of improper practice of which they are aware” with the term “improper practice” meaning “any illegal, fraudulent, dishonest, unsafe, negligent or otherwise unethical action by a director, officer, employee or consultant.”

AutoCanada Personnel are required to certify their understanding of and adherence to the Code of Conduct once every two years.

d. Whistleblower Policy

AutoCanada’s Whistleblower Policy (the “Whistleblower Policy”) encourages the reporting, including confidential reporting, of questionable business practices, including suspected cases of modern slavery. Notably, the Whistleblower Policy encourages the prompt reporting of “all evidence of activity by [AutoCanada], any director, officer, employee or consultant that may constitute any of the following: (1) breaches of the Code of Conduct; and (2) breaches of any statute, law, legislation, rule or law governing the operations of the [AutoCanada]’s business and operations”. Any allegations of these wrongdoings will be further investigated under the Whistleblower Policy.

Taken together, AutoCanada’s Code of Conduct and Whistleblower Policy seek to ensure that the conduct of all AutoCanada Personnel and overall business operations are in accordance with our corporate values, policies and expectations and at all times remain compliant with the Act.

e. Reviewing our Suppliers’ Practices

AutoCanada has implemented a recent practice that prior to entering into significant agreements with a given supplier or service provider, AutoCanada may conduct a review of a supplier’s or service provider’s governance practices and policies regarding modern slavery. This allows AutoCanada to better assess a supplier’s adherence and compliance with the Act and confirm that its business operations do not involve forced labour or child labour before entering into any formal agreement. In furtherance of the foregoing, AutoCanada may consider requesting the inclusion of a provision in certain contracts in which suppliers or service providers covenant that they will comply with all applicable laws and/or confirm that neither they nor their supply chains engage in or are aware of

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any modern slavery within their supply chain. In implementing its contractual affirmation procedures to-date, AutoCanada has taken a contextual approach based on: (1) the perceived risks associated with the supplier or service provider; (2) the length of the business relationship between AutoCanada and the supplier or service provider; and (3) AutoCanada's understanding of the strength of the supplier's or service provider's own human rights and modern slavery policies and practices.

5. EFFECTIVENESS AND NEXT STEPS

AutoCanada is committed to continuous improvement with respect to its operations and supply chain due diligence to reduce and prevent risks of modern slavery. During the next reporting period we plan to begin the following key activities to improve our understanding and management of modern slavery risks:

1. Develop general modern slavery awareness training for those involved in procurement which will continue building AutoCanada's awareness and understanding of modern slavery and the risks across our operations and supply chain;
2. Take actions to assess our effectiveness in preventing and reducing risks of modern slavery; and
3. Updating our policies and practices, such as our Code of Conduct to directly incorporate the provisions and principals of our Forced Labour Statement.

6. APPROVAL

This Report has received approval from AutoCanada Inc.'s Board of Directors.

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 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: Paul Antony

Title: Executive Chair

Date: March 6, 2024

Signature: (signed) Paul Antony

I have the authority to bind AutoCanada Inc.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Report are “forward-looking statements” within the meaning of applicable securities laws. Forward-looking statements reflect managements expectations regarding the future growth, results of operations, performance, prospects and opportunities of AutoCanada. Without limiting the foregoing, the words “expects”, “anticipates”, “intents”, “estimates”, “projects” and similar expressions are intended to identify forward-looking statements. Readers are cautioned to not place undue reliance on forward-looking statements.

All statements other than statements of historical fact contained or incorporated by reference herein may be deemed to be forward-looking statements. Such forward-looking statements reflect management’s current beliefs and are based on information currently available to management. AutoCanada cannot assure investors that actual results will be consistent with any forward-looking statements and, other than as required by applicable law, AutoCanada assumes no obligations to update or revise such forward-looking statements to reflect actual events or new circumstances. All forward-looking statements contained in this Report are qualified by this cautionary statement. Forward-looking statements may involve significant risks and uncertainties. A number of factors could cause actual results to differ materially from the results expressed or implied in forward-looking statements. Please refer to the section entitled “Risk Factors” in AutoCanada’s 2023 Third Quarter Management Discussion & Analysis and the section entitled “Risk Factors” in AutoCanada’s Annual Information Form dated March 24, 2023, for additional information regarding risks and uncertainties.

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SCHEDULE "A"

AUTOCANADA INC.'S STATEMENT ON FORCED AND CHILD LABOUR

Background

The *Fighting Against Forced Labour and Child Labour in Supply Chains Act* requires that certain businesses operating in Canada adhere to the country's international commitment to fighting against forced labour and child labour. This statement is made on behalf of AutoCanada Inc. together with its subsidiary companies ("**AutoCanada**"). AutoCanada is fully committed to the prohibition of any forms of forced or child labour, whether in our business activities or supply chains, and we seek to require the same standards of our suppliers and service providers.

The Organization

AutoCanada is a multi-location publicly-traded automotive dealership group operating in Canada and the United States. Team members are trained to abide by AutoCanada's values and operating principles which uphold respect and require adherence to all relevant laws, regulations, and standards.

Our Policies

At AutoCanada, we recognize the importance of maintaining ethical business conduct and upholding human rights. AutoCanada has adopted a written Code of Business Conduct applicable to all directors, officers, employees and consultants. Our Code of Business Conduct stipulates that AutoCanada will adhere to the highest ethical standards in all our activities including compliance with all laws and regulations applicable to AutoCanada's operations. We do not engage in forced or involuntary labour and have a zero-tolerance approach to the same, meaning we do not tolerate any of our suppliers engaging in such conduct. Our employment policies on equal opportunities, anti-harassment, prohibitions on insider trading and tipping, and whistleblowing support our endeavours to encourage a positive working environment free from harassment and unlawful discrimination.

Suppliers

AutoCanada's principal suppliers are international vehicle manufacturers which supply vehicles and parts to our dealership businesses for onward sale to end users. At AutoCanada, we are fully committed to conducting all of our business practices in compliance with our zero-tolerance policy on forced and child labour as we are a people-driven company founded upon central values of integrity and responsibility. This zero-tolerance approach is extended to business arrangements with our suppliers and service providers. We are implementing policies to reduce the risks of forced and child labour by including, among others, a compliance provision in supplier and service provider agreements to prohibit their engagement in any form of modern slavery.

Approval

This statement is made pursuant to the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* and constitutes steps undertaken by AutoCanada to prevent and reduce the risk of forced and child labour.