

A blue-tinted photograph of a two-lane asphalt road stretching into the distance, flanked by a dense forest of evergreen trees. The sky is filled with large, white clouds. A thick, curved yellow band is positioned at the bottom of the image, partially overlapping the text.

2023 **Environmental, Social
& Governance Report**

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01

Introduction





1.1

Messages from Our Executive Chair & Our President, Canadian Operations



Paul W. Antony
Executive Chair

A Message from Paul Antony, Executive Chair

I am pleased to share our inaugural ESG Report, which marks our first comprehensive disclosure covering our environmental, social, and governance (ESG) programs and performance. Although this is our first report, AutoCanada has a longstanding history of integrating ESG principles within our corporate decisions and operations. This ESG Report communicates our approach, actions, and progress to-date in managing ESG risks and opportunities. It represents a baseline upon which we will continue to build as we engage our stakeholders to understand expectations, enhance processes and controls, and refine our disclosure and reporting practices.

AutoCanada's business has significantly evolved since I joined the company five years ago. We currently operate over 120 car dealerships and collision centres distributed across eight provinces and in the state of Illinois and are committed to our mission of being the network of choice for automobility. As the only Canadian publicly-traded multi-location dealership group, we recognize our unique position within the market to impact positive change and drive innovation within the communities in which we operate.

Earlier this year, the Board of Directors expanded the mandate of the Governance and Compensation Committee to formally include the oversight of ESG-related matters. Our senior leadership team is highly engaged and committed to delivering on our ESG strategy to ensure it plays an integral part in our business decisions as we continue to build long-term sustainable value for our shareholders.

While this first ESG Report reflects progress toward our ideals, you will see we have a lot more work ahead of us. I am proud of the work we have already done, and even more excited for the innovation, dedication, opportunity and support we will provide in the years to come. We look forward to continuing to share updates on our performance more comprehensively and transparently as we progress through our ESG journey.



Jeff Thorpe President, Canadian Operations

A Message from Jeff Thorpe, President, Canadian Operations

I am pleased to share this ESG Report to underscore the importance we place on ESG matters at AutoCanada. We take a very intentional approach to integrating ESG into day-to-day operations and have formed a cross-functional ESG Leadership Team, helping to drive innovation and business results across the company.

I joined AutoCanada as President of Canadian Operations just a year ago. Since then, I have seen our people truly be the positive driving force behind our actions, our decisions, and our results – aligned with our ethos of being “people-driven.” This ESG Report celebrates our people-centric focus and also highlights the many other ESG areas that are relevant to AutoCanada and our long-term financial sustainability and value creation.

AutoCanada’s values guide how we interact with each other and with our customers, OEM partners and suppliers, communities, and shareholders. Over this past year, we have reinforced our commitment to team members, ensuring that our dedication to their retention, growth, and recognition was both communicated and recognized. We also remained

committed to giving back to our communities where we live and operate to lend a helping hand.

Throughout my travels visiting nearly every AutoCanada location, I have been fortunate to meet more than 6,000 talented, dedicated, and ambitious teammates. Although this is AutoCanada’s first ESG Report, one thing I know for sure from my travels is that our commitment to sustainability is deeply rooted within the company and throughout the communities in which we operate.

Developing this ESG Report challenged us to look at our organization through a different lens, allowing us to celebrate our accomplishments, recognize our opportunities, and prepare our company for future work, as we recognize we have more to do. The habit of reflection is an important trait that distinguishes effective leaders. Our team will continue to use reflection to help guide us on the journey ahead.

We are dedicated to delivering on our commitment to all stakeholders. The future is bright and we welcome you to join us on the road ahead.

1.2

About AutoCanada

Founded in 2006, AutoCanada is Canada's only publicly traded multi-location dealership group operating in both Canada and the U.S. Our complete business model enables us to serve a diversified geographic customer base and enjoy benefits from having multi-location dealerships. AutoCanada trades on the Toronto Stock Exchange under the symbol ACQ.

We are in constant pursuit of taking our industry-leading platform to the next level in automotive excellence.

Each of our dealerships is structured to serve the automotive life cycle of our customers by operating sales, service, and parts departments. In addition, we have developed stand-alone profit centres—including nonprime sales, wholesale export, and a collision centre platform—that have contributed to our significant growth and earnings, while also serving additional customer segments through the entire vehicle ownership life cycle.



65 Franchised
Dealerships in
Canada

18 Franchised
Dealerships in
Illinois, U.S.

28 Automotive
Brands

27 Collision
Centres

+100k New & Used
Vehicles
Sold in 2022

+900k Service &
Collision
Repair Orders
in 2022

AutoCanada is Canada's only publicly traded multi-location dealership group operating in both Canada and the U.S.



Our Dealerships

We currently offer the following new vehicle brands through our dealerships:

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, Honda, Acura, and Porsche. In addition, we sell a broad range of used vehicles and offer many parts, service, and collision repair services. We also facilitate the sale of third-party finance and insurance

products, extended warranties, and replacement and aftermarket automotive products.

AutoCanada currently employs approximately 6,000 full-time team members across Canada and the U.S.

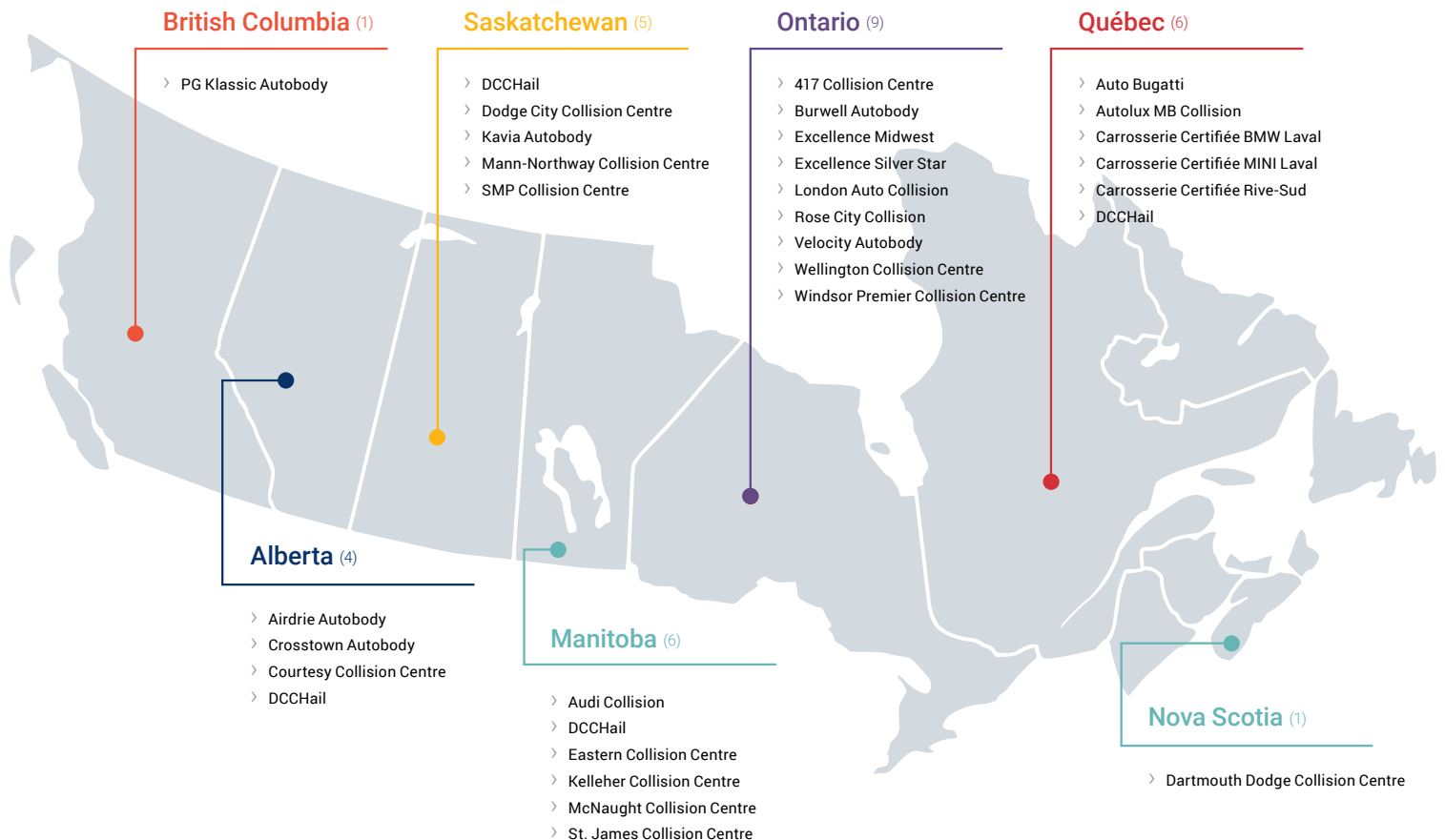
Canadian Operations

AutoCanada’s Canadian operations segment currently operates 65 franchised dealerships, composed of 25 brands, in eight provinces. In addition, we operate three used vehicle dealerships and one used vehicle auction business supporting our used digital retail division, thirteen RightRide special finance division locations, and 27 collision centres. In 2022, our Canadian dealerships sold approximately 85,200 new and used vehicles and processed approximately 847,000 service and collision repair orders in our 1,144 service bays.

U.S. Operations

AutoCanada’s U.S. operations segment, branded as Leader Automotive Group, currently operates 18 franchised dealerships, composed of 16 brands, in the state of Illinois. In 2022, our U.S. dealerships sold approximately 16,500 new and used vehicles and processed 142,000 service and collision repair orders in our 223 service bays.

Our Collision Centres



Our Values

Our values are our north star, guiding how we conduct our operations, how we make decisions, and how we interact with our stakeholders.

+ People

We are dedicated to the *retention, growth and recognition* of our team members

+ Operational Excellence

We set an unwavering standard of *best in class*

+ Customers

We build customer *loyalty*

+ Integrity

We have the *courage to do what's right*

+ Innovation

We challenge the boundaries of what is possible and *embrace change*

+ One Team

We win *together*



1.3

Our ESG Approach

We believe that by integrating how we manage key ESG factors into our business strategy, we both reduce risk and enhance long-term resilience. We are committed to conducting our business responsibly and with accountability to our key stakeholders: investors, team members, customers, OEM partners, and communities.



Our ESG priorities are focused in three core areas:

Responsible Business Practices

We consider good corporate governance to be central to AutoCanada and are committed to reviewing and adapting sound governance practices and maintaining a culture of integrity. Our commitment to product and service quality, safety, and customer satisfaction drives our business decisions.

Our Team Members, Customers, and Communities

We strive to provide our team members with competitive compensation, meaningful and challenging work, an engaging and collaborative environment, recognition for performance, and opportunities for growth and advancement. We are committed to delivering quality services for our customers and aim to strengthen and support the communities in which we live and work.

Environmental Sustainability

We are committed to minimizing the environmental impact of our own operations and delivering environmentally friendly products and services to our customers.

ESG Oversight

AutoCanada's Board of Directors believes that strong ESG practices are fundamental to creating sustainable value for our key stakeholders for years to come. In support of our ESG strategy, in the first quarter of 2023, we formalized our ESG governance by expanding the mandate of the Governance and Compensation Committee of the Board of Directors to include oversight of ESG-related matters.

In order to support this initiative and ensure the advancement of our ESG practices from day to day across our operations, we formed an ESG Leadership Team, led by our President, Canadian Operations, with representation from functional groups across the company, including Operations, People & Culture, Finance, Facilities, Information Management & Technology, and Legal. The ESG Leadership Team provides quarterly updates to the Governance and Compensation Committee.

Stakeholder Engagement

We recognize that active and continuous engagement with our stakeholders is critical to successfully developing and maintaining an ESG strategy. There are various ways in which AutoCanada currently engages with our stakeholders.



Team Members

Ways We Engage

- › Internal communication
- › Training and development
- › Competitive compensation
- › Rewards and recognition of top performers
- › Results reports
- › Annual strategic planning
- › Performance group meetings
- › Engagement survey

Topics of Engagement

- › Workplace culture, purpose, and values
- › Company and business performance
- › Operational excellence
- › Goals and targets
- › Key performance indicators
- › Alignment as one AutoCanada
- › Short- and long-term objectives
- › Continuous improvement

Customers

Ways We Engage

- › Customized in-person guest experiences
- › Dealership websites
- › Phone, email, text messaging
- › Digital marketing/social media
- › Traditional advertising media
- › Customer engagement surveys

Topics of Engagement

- › Tailored customer experience
- › Quality service and experience
- › Product and service information and expertise
- › Continuous improvement
- › Community engagement

Original Equipment Manufacturers (OEMs) and Suppliers

Ways We Engage

- › Regular meetings
- › Conferences
- › Site visits
- › Participation in internal and external dealer performance groups
- › Facility audits
- › National and local grassroots meetings

Topics of Engagement

- › Strategy alignment
- › Sales programs
- › Customer satisfaction
- › Annual business planning
- › Inventory levels and procurement/production
- › Training
- › Innovation
- › EV programs
- › Reimaging/capital improvements

Communities

Ways We Engage

- › Donations to local charities
- › Sponsorships
- › Volunteering

Topics of Engagement

- › Grassroots community support
- › Engagement with community

Investors & Financial Markets

Ways We Engage

- › Quarterly earnings calls
- › Financial results and related management discussion and analysis
- › Investor presentations and one-on-one investor meetings
- › Investor conferences
- › Press releases
- › Annual shareholders meeting
- › Public disclosure documents

Topics of Engagement

- › Financial results
- › Operational performance
- › Business and strategic updates
- › Risks and opportunities
- › Corporate governance
- › Capital deployment strategy
- › Industry insight and current trends

As AutoCanada continues on our ESG journey, we are committed to transparent reporting and communication on ESG matters and continuing conversations around our ESG practices.



About this ESG Report

This ESG Report outlines AutoCanada's ESG initiatives, activities, progress, metrics, and performance for January 1 to December 31, 2022. We also present certain forward-looking information about upcoming plans and projects within priority ESG areas. Please see our forward-looking information statements at the end of this ESG Report for more information. In addition, we guide our readers to additional sources of information on our [investor information website](#).

We have aligned our ESG Report with the accounting standards published by the Sustainability Accounting Standards Board (SASB) related to

the Multiline and Specialty Retailers & Distributors industry. We also have identified certain United Nations Sustainable Development Goals (SDGs) that we believe AutoCanada's business activities and key priority areas support. Both tables are included in the *Frameworks & Standards* section of this ESG Report.

This ESG Report is our first account of AutoCanada's ESG performance. Going forward, we will provide regular updates on our performance to track progress across our prioritized ESG areas.

02

**Responsible
Business Practices**



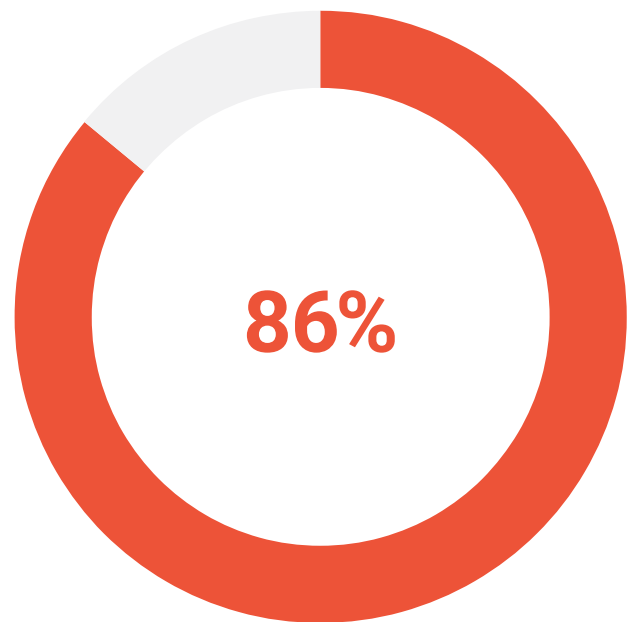


2.1

Corporate Governance & Board of Directors Composition

Good corporate governance is central to AutoCanada and our effective and efficient operations.

At AutoCanada, we are committed to reviewing and adapting our governance practices to meet our stakeholders' changing needs and ensure compliance with regulatory requirements. The Board of Directors (Board) is responsible for the stewardship of the affairs of AutoCanada and maintains a culture of integrity. The Board is composed of a majority of independent directors, with only independent directors serving on both of its current committees, the Audit Committee and the Governance and Compensation Committee.



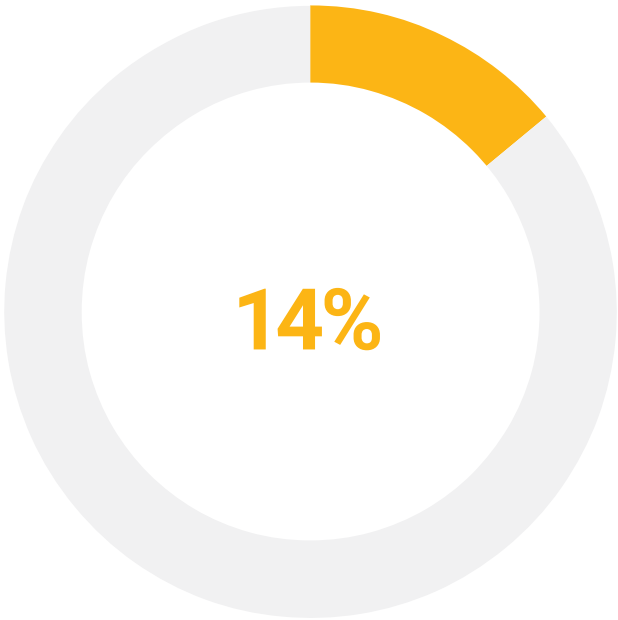
Independence of the Board of Directors

Please refer to the Corporate Governance section of our *Investor Information Website* and our *Management Information Circular* dated March 20, 2023, for further details about our Board, its committees, our policies, and our corporate governance practices.

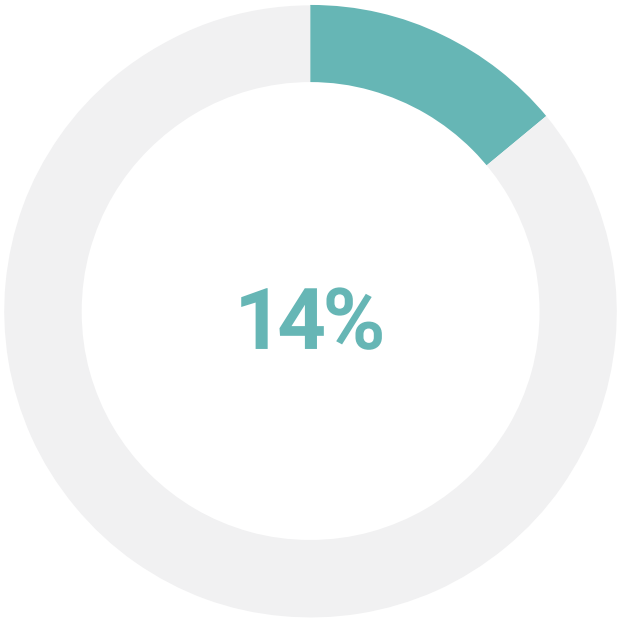
Board Diversity

Diversity is a principle which is supported by both the Board and our senior leadership team. In 2015, we adopted a Diversity Policy which formally recognizes and embraces the many benefits arising from team member and board diversity, including a broader pool of high-quality team members, improving team member retention, accessing different perspectives and ideas, and benefiting from all available talent. Our Diversity Policy specifically seeks to increase diversity throughout AutoCanada, including at the senior management and board levels, to reflect the communities in which we do business.

The Diversity Policy aims to ensure there are a broad range of approaches, backgrounds, skills, and experience represented on the Board. The selection process for new director nominees is conducted by the Governance and Compensation Committee, taking into account gender and racial or ethnic diversity, consistent with our Diversity Policy. The Board of Directors currently has one female director and one director who identifies as an ethnic minority.



Female representation on the Board of Directors



Ethnic minority representation on the Board of Directors

2.2

Business Ethics

At AutoCanada, we strive to maintain the highest ethical standards in all of our activities and comply with applicable laws and regulations. Integrity is a core value at AutoCanada. We conduct our operations with the courage to do the right thing, even when no one is watching.

Code of Business Conduct

Our *Code of Business Conduct* (Code) describes the fundamental principles, policies, and procedures that guide our company. Our company values complement the Code as the foundation from which we operate. AutoCanada's Board of Directors encourages and promotes a culture of ethics by requiring the Executive Chair and all other senior officers to conduct themselves in a manner that exemplifies ethical business conduct.

The Board monitors compliance with the Code, and the Governance and Compensation Committee is responsible for reviewing and evaluating the Code from time to time and making recommendations for any necessary or appropriate changes.

The Code addresses issues such as anti-discrimination, anti-bribery, conflicts of interest, and financial integrity. In addition to the Code, our *Joint Disclosure, Confidentiality, Trading Policy & Anti-Hedging Policy* addresses insider trading and confidentiality.

Whistleblower Policy and Procedures

The integrity, transparency, and accountability of our financial, administrative, and management practices are critical. We are committed to maintaining a workplace where concerns regarding questionable business or financial practices can be raised without fear of any discrimination, retaliation, or harassment. We have a *Whistleblower Policy* which encourages all directors, officers, team members, and consultants to promptly report any breaches of AutoCanada's Code of Conduct or legal requirements. For confidential reporting, we maintain a third-party ethics hotline and an online interface that is available 24 hours a day, seven days a week, year-round.

All complaints under our Whistleblower Policy are investigated and necessary remedial action is taken. All reports made to supervisors and senior officers are reported to the Audit Committee. Any individual who in good faith reports such incidents is protected from threats of retaliation, harassment, discharge, or other types of discrimination.

Political Activities and Contributions

AutoCanada does not engage in political activities. The direct or indirect use of the company's funds, goods, or services as contributions to political parties, campaigns, or candidates for election to any level of government requires the approval of the Board of Directors. We did not make any corporate contributions, including any contributions to political parties or candidates, in 2022.



2.3

Data Security & Customer Privacy

Data Security

Incident Response Plan

Our Incident Response Plan (Plan) outlines procedures for managing security and privacy incidents that impact our information technology systems, operations, or information, including the personal and business information of team members, customers, automakers, vendors, and other parties. The Plan is reviewed periodically by the Incident Response Team, and required updates and improvements are incorporated to respond to factors such as new threats, vulnerabilities, or regulatory requirements. Stress-testing activities such as tabletop exercises, technical simulations, and cyber fire drills are performed periodically.

We provide cybersecurity training to our team members that includes phishing, attachment, and credential harvesting campaigns. The training also covers phishing scams, work-from-home safety, the importance of two-factor authentication, password strength, and more. For ongoing awareness and education, a different cybersecurity training campaign is introduced each quarter. We monitor team member completion and success rate and provide retraining for team members who failed the simulation.

Protecting Customer Privacy

Compliance with federal and provincial laws to protect customer privacy and personal information is critical to our operations. AutoCanada's *Privacy Policy* details how we collect, use, and disclose the personal information that we control and outlines customer rights regarding their personal information.

We have implemented physical, organizational, contractual, and technological security measures in an effort to protect personal information from loss or theft, unauthorized access, use, or disclosure. Third parties that obtain personal information from AutoCanada (with respect to financing requests and insurance applications, for example) are contractually required to protect customers' confidentiality in a manner consistent with our Privacy Policy and as required by law.

Protecting the security of our information systems, business assets, and the privacy of customer information is paramount to our success.

We invest in security technology to protect our data and business processes against breaches and cyber attacks.



2.4

Responsible Selling Practices

AutoCanada advertises, markets, and sells our products and services in compliance with federal and provincial laws and regulations, as well as responsible selling practices mandated by each of our OEM partners.

Within each jurisdiction in which AutoCanada operates, we comply with the respective guidelines that regulate how vehicles are advertised, including any type of solicitation that is oral, written, visual, or descriptive. We also require that all AutoCanada sales team members maintain an active licence to engage in sales activities in their respective provinces. Some provincial regulatory bodies perform audits to ensure compliance with the specific regulations and require mandatory training for team members.

2.5

Product Quality & Customer Experience

Product quality and safety standards are driven by our OEM partners and applicable legislation. This includes quality policies, factory warranty and recalls, team member training, and associated audits or inspections.

Team Member Training

Training and development programs for our technical and sales team members are fundamental to the success of our sales, service, parts, and collision centre departments. These programs prepare our team members with product knowledge and training on safe vehicle maintenance and repair according to each manufacturer's specified repair procedures.

While each OEM has different requirements when it comes to training management for sales team members, service advisors, parts advisors, and technicians, we have processes in place to maintain compliance with the various requirements. Programs can consist of instructor-led or web-based trainings, role-specific certification programs, and management training. Courses range from technical product knowledge to nontechnical brand awareness to service advisory. Across the business, communication of training expectations and objectives to all team members is prioritized.

Product Recalls

Product recalls are driven by OEMs and regulated by Transport Canada, a federal government department. Recall notices are directly mailed to customers by OEMs. AutoCanada's dealerships maintain standard operating procedures to complete any recalls, and vehicles are serviced accordingly. In addition to direct follow-up by our dealerships, we provide a list of recalls to our third-party call centre, which provides outbound communication through phone, email, or text to notify affected customers of the recall and book their service appointment for the repair. All vehicles serviced at our dealerships for regular maintenance are also checked for outstanding recalls at the time the appointment is booked.

Customer Satisfaction

Building customer loyalty is one of AutoCanada's core values. To establish meaningful relationships with our customers, we prioritize customer experience and satisfaction.

We listen and learn from customer feedback, continuously measuring customer satisfaction for both sales and service for all brands across the organization. In 2022, we partnered with a reputation and

customer experience management company to provide our dealers with a robust tool for capturing customer insights. As an enterprise-wide solution, this allows us to monitor, respond, request, and analyze customer reviews across multiple platforms. On a monthly basis, we identify dealerships that have opportunity for improvement in customer satisfaction within either service or sales and work with them to implement corrective action plans until rectified.



03

**Our People &
Communities**





AutoCanada is people-driven. We are committed to hiring the best people and curating exceptional experiences for our customers.

We strive to provide our team members with competitive compensation, meaningful and challenging work, an engaging and collaborative environment, recognition for performance, and opportunities for growth and advancement.

Awards

We are proud to be recognized for exemplary performance across our dealerships, driven by the contributions of our outstanding team members. Highlights of awards granted to our stores in 2022 and the first half of 2023 are included on the opposite page.

2022 Awards

- > **Saskatoon Motor Products**
 - > #1 certified pre-owned GM dealership in all of Canada
- > **Rose City Ford**
 - > 2022 Ford President's Award
- > **BMW Laval**
 - > 2022 Retailer of the Year Sustainability Award
- > **BMW Montréal Centre**
 - > Financial services award
 - > Pre-owned vehicles sales award
 - > Customer Experience award
 - > Retailer of the year, Group 2
- > **Audi Winnipeg**
 - > Audi Vorsprung Performance Award – Overall Dealership (Volume Group 450-749)
- > **London Honda and Brantford Honda**
 - > Honda Dealer Excellence award
- > **Mercedes-Benz Heritage Valley**
 - > Presidents Circle for Pre-Owned Vehicle Sales
- > **Mercedes-Benz Rive-Sud**
 - > Presidents Circle for Pre-Owned Vehicle Sales
- > **Guelph Hyundai**
 - > Hyundai President's Award of Merit
- > **Kavia Autobody**
 - > Eight-time winner of the Planet S Best of Saskatoon award
- > **Burwell Autobody**
 - > 2022 BMW CCRC Central Region of the Year

2023 Awards

- > **BMW Montréal Centre**
 - > 2023 Dealer of the Year and Consumer Satisfaction award
- > **McNaught Buick GMC/McNaught Cadillac**
 - > Canadian AutoWorld Employer of Choice Award for 2023
- > **St. James Volkswagen**
 - > 2023 Wolfsburg Crest Club
- > **Chilliwack Volkswagen**
 - > 2023 Wolfsburg Crest Club
- > **Grand Prairie Volkswagen**
 - > 2023 Wolfsburg Crest Club
- > **Auto Gallery of Winnipeg**
 - > 2023 AutoTrader Best Priced Dealer Award



McNaught Buick GMC/McNaught Cadillac, a dealership located in Winnipeg, Manitoba, was announced a winner of the 2023 Canadian AutoWorld Employer of Choice (CAWEOC). CAWEOC is a national award program that recognizes and promotes the best employers in the Canadian auto dealer industry. The award is one way we have demonstrated our commitment to team member development, company culture, and an inclusive work environment.

3.1

Team Member Engagement, Training, & Development

Team Member Engagement

Understanding what matters to our team members and learning how we can do better to support their growth and success is important to AutoCanada. We encourage team members to reach out to managers and leadership to provide feedback and express concerns. In addition, we have periodically conducted pulse surveys across the company on specific topics such as compensation and benefits, tools and technology, and manager competence.

2023 Engagement Survey – Your Voice Counts

In early 2023, AutoCanada partnered with Gallup to launch our new team member engagement survey, Your Voice Counts. We view this as not just an annual team member opinion survey, but also part of an ongoing effort to ensure all team members have expanded opportunities to share thoughts and ideas while gaining meaningful and actionable insights.

Importantly, running this survey tells our people their voice matters.

Throughout 2023 and 2024, we will work to develop and implement action plans based on the survey results.

Survey Highlights

Where We Shine

Where team members provided the highest rating was in the category, “I know what is expected of me at work”. This response clearly indicates that AutoCanada employees understand **the valuable role they each play in our organization!**

Opportunity for Improvement

As our company has grown and evolved rapidly, AutoCanada has an opportunity to better align team members to our mission, vision, and values as we continue to integrate new team members and units.

Performance Management

In addition to maintaining a culture that promotes continuous and real-time feedback, certain departments and stores have implemented performance appraisal processes to support team member growth. In years to come, we aim to expand and formalize these processes companywide.

Internal Mobility

In order to provide career development opportunities for our team members within the company, we post open positions and attempt to fill these roles internally first where possible. We believe our internal development initiatives are integral in bolstering career path opportunities and advancements for team members.

Training & Development

We are committed to providing opportunities for continuous learning and development for all team members. Team members are encouraged to pursue development goals by taking continuing education courses or participating in certification programs that are relevant to their role, with company reimbursement occurring on a case-by-case basis. AutoCanada custom training programs include Georgian College Canadian Dealer Academy, Lean Six Sigma certification, finance and insurance training, and Strength Deployment Inventory.

Canadian Dealer Academy

In partnership with Georgian College, the Automotive Business School of Canada, we sponsor team members to participate in the Canadian Dealer Academy. This seven-course program is designed for current and future general managers and dealer principals, and focuses on current issues, trends, and technologies in automotive dealership management.

This program teaches our future and existing leaders key skills required to perform in their existing roles more effectively and positions them to take on more responsibility in the future. We have enough AutoCanada team members in this program to create our own class, which promotes internal team building across stores and information sharing.

- Thirty team members have completed the program since the inception of our partnership with Georgian College.
- Twenty-two team members are currently enrolled.
- Twelve alumni are in General Manager positions at our dealerships.

Lean Six Sigma Certification

Our Production Managers, including service, parts, and collision, receive Lean Six Sigma belt certification training. These courses teach our Production Managers methods for developing and improving products, services, and processes. They learn to apply problem-solving frameworks such as DMAIC: Define, Measure, Analyze, Improve, and Control. The primary goal is to teach our Production Managers how to identify errors and/or defects in a process and eliminate them.

Finance & Insurance Training

The Finance and Insurance department of AutoCanada is a leader in its segment. The success of the division is a result of leveraging industry-leading data analytics paired with an in-house national training and development model focused on maximizing opportunity. We invest thousands of hours annually in producing proprietary training material and delivering industry-leading performance coaching and training programs to our dealerships.

Strength Deployment Inventory

The Strength Deployment Inventory (SDI) is a self-scoring motivational assessment tool that provides an understanding of what drives you and what drives others. AutoCanada Managers can choose to receive SDI assessments and ongoing training to help them with team building, conflict management, leadership development, and communication enhancement.

3.2

Labour Practices & Team Member Well-Being

We are committed to fair employment practices and protecting the health, safety, and security of our team members, customers, and those with whom we do business.

Labour Practices

AutoCanada complies with applicable employment regulations, including all provincial employment statutes and regulations and provincial safety legislation, with respect to employment practices including minimum wages, hours of work, overtime, and more. We respect the right of team members to unionize. Eleven of our 83 dealerships have team members who are represented by labour unions.

Team Member Health & Safety

Providing a safe and accident-free workplace is a key objective. Health and safety procedures are currently carried out at the store level and our regional and home offices, and we are working to roll out a more centralized approach throughout 2023. This includes conducting safety assessments across our stores to identify improvement opportunities.

We comply with required provincial regulations, legislation, and workplace compliance guidance, including reporting of any workplace injuries. By way of example, our Brantford Honda dealership conducts mandatory occupational health and safety awareness training and orientation programs for current and new team members. The dealership also maintains a Health and Safety Manual that covers hazardous materials, first aid, fire safety, injury procedures, and more.



Benefits

All full-time team members and their dependents are eligible to participate in our group benefits plans, which generally include insurance for healthcare, prescriptions, dental care, vision care, life insurance, and disability insurance.

We also offer a team member vehicle purchase plan that allows all our team members to purchase new or used vehicles from AutoCanada dealerships at a preferred price.

Team Member Well-Being

To support the mental health and well-being of our team members, we offer an Employee Assistance Program that provides team members with access to resources related to mental health, relationships, fitness and physical health, finances, elder care, and more. Team members and eligible family members can speak to clinical counsellors and certified coaches and have several online resources available.

Performance-Based Compensation

We provide several opportunities to reward performance. Our compensation programs include performance-based bonuses for almost all team members.

3.3

Diversity, Equity & Inclusion

We are committed to fostering an inclusive workplace that welcomes, respects, and values the diversity of our team members and supports them to actively engage in the workplace and achieve their full potential. We recognize and embrace the many benefits that come with diverse backgrounds and experiences across all levels of the organization, from team members to management and the Board of Directors.

50%

50% of executive officers identify as ethnic minorities



Using our Diversity Policy as a framework, we seek to achieve:

- ⊕ A workplace environment where individual differences are respected
- ⊕ Improved employment and career development opportunities for women
- ⊕ A diverse and skilled workforce
- ⊕ Awareness in all team members of their rights and responsibilities with regard to fairness, equity, and respect for all aspects of diversity
- ⊕ A workplace culture characterized by inclusive practices and behaviours for the benefit of all team members



Recruitment, Employment and Pay Equity

When identifying candidates for positions, including senior management and the Board of Directors, we give consideration to various diversity criteria. It is our policy to recruit, hire, promote, compensate, and provide equal treatment to team members without discrimination due to factors such as race, ethnic origin, citizenship, religion, sexual orientation, handicap or disability, age, and more. We do not discriminate on the basis of these factors with respect to compensation and are committed to providing fair and equitable compensation to our team members. We are in the process of updating our compensation framework, which will include pay equity evaluations across our business.

Case Study – Legal Department Internship

AutoCanada's Legal Department has participated in the National General Counsel Network's Summer Law Student Fellowship for the past two years. The fellowship, for first-year law students who self-identify as IBPOC (Indigenous, Black, People of Colour), aims to provide participants with quality work experience and skills training.

Anti-Harassment

We are committed to providing a workplace free of harassment and will take steps to prevent harassment where possible. Our Harassment Policy, which applies to all team members, directors, and contractors, outlines prohibited conduct and provides a process for addressing and investigating complaints of harassment and discrimination. We encourage team members who witness or experience harassment to report the issue immediately in order to allow incidents to be recorded, investigated, and addressed promptly.



3.4

Community Engagement & Impact

AutoCanada and our network of stores strongly believe community involvement and charitable giving enrich our local neighbourhoods. Our initiatives include team member volunteer opportunities and partnerships with local food banks, shelters, hospitals, school districts, children's charities, and various other charitable organizations. We are proud of these efforts, and we encourage participation by all stores and team members.

Community Case Studies

+ Grande Prairie Volkswagen

This AutoCanada dealership is a part of the Grande Prairie Auto Group Legacy Foundation Fund, which was established by five dealerships to give back to the local community. Organizations that have benefited from this fund include Big Brothers Big Sisters of Grande Prairie & Area, Canadian Mental Health Association Alberta Northwest, Grande Prairie Women's Residence Association, and Grande Prairie Youth Emergency Shelter Society.

+ Crystal Lake Chrysler Dodge Jeep Ram (CDJR)

Crystal Lake Chrysler Dodge Jeep Ram, located in Crystal Lake, Illinois, donated a drone to the Wonder Lake K9 search and rescue team.

+ McNaught Buick GMC

As part of their commitment to giving back to the community, McNaught Buick GMC, located in Winnipeg, Manitoba, delivered toy trucks to the local children's hospital to bring smiles to young patients. The dealership also partnered with Something Beautiful to donate a wheelchair-accessible van to help challenged individuals get to and from employment.

+ Audi Winnipeg

Our Audi Winnipeg dealership engaged in various meal support programs to deliver, prepare, and serve meals to the homeless community. Organizations that it partnered with include Agape Table, Siloam Mission, Ronald McDonald House, and Meals on Wheels.

+ North City Honda

North City Honda partnered with the Chicago Police Department for a session of catalytic converter VIN etching, a process of engraving a vehicle's VIN number into the catalytic converter to track and deter theft.

+ The Canadian Dealers Award in Memory of Maryann Keller

AutoCanada contributed to a permanent endowment at Georgian College in memory of Maryann Keller, dedicated to promoting the advancement of women in the automotive industry. Maryann Keller was a pioneer in the automotive industry with over 40 years of experience and was a member of the Board of Directors of AutoCanada from 2015 to 2022, most recently serving as AutoCanada's lead independent director.

04

**Environmental
Sustainability**





We are committed to assessing and managing the environmental impact of our business and complying with all relevant environmental regulations. We acknowledge that we are at the beginning stages of our journey and plan to disclose more information on our progress in the years to come.



4.1

Energy Efficiency & Green Facilities

We strive to meet or exceed energy efficiency requirements for our facilities, including design and operational elements for new facilities and renovations of existing facilities.

Energy efficiency and other environmental measures implemented throughout our dealerships, collision centres, and corporate sales and home offices include:

- › LED lighting in all new construction projects as indicated by our manufacturer partners (OEMs) and LED retrofits any time site lighting is updated
- › Occupancy sensors to control energy usage in lighting for new construction or major renovations
- › Energy modeling used in the design phase of our major construction projects to support energy management decisions prior to construction
- › Low-flow fixtures to reduce energy and water consumption
- › High-speed overhead doors in service drive-throughs to reduce heating requirements and natural gas consumption
- › Upgrading roof insulation during roof replacement
- › EV chargers to align with electromobility and promote EV vehicles

In certain dealerships, we have gone beyond regulatory requirements to install a more advanced heat recovery ventilator (HRV), which is a better choice for energy conservation. Several dealerships also engage with third-party waste management companies for responsible waste removal.

We utilize a facility checklist to review safety concerns and budget for efficiency upgrades and necessary maintenance. The process also helps us monitor dealership compliance with local and national requirements and energy codes. The checklist includes assessments on health and safety, building maintenance, customer and team member experience, and environmental measures such as electric vehicle charging.

Sustainability Audits & Surveys

AutoCanada participates in several sustainability surveys and audits at the dealership level driven by our manufacturing partners, who are working with their dealerships to decarbonize their value chains.

Volkswagen Dealerships

In partnership with Volkswagen, all of our dealerships provided data points such as utility bills, solid waste volume, company vehicle fuel consumption, and EV charging infrastructure metering as part of an annual survey in 2022 to aid in the company's long-term sustainability plan. Compiling this data also helps AutoCanada understand our footprint and identify consumption-reduction initiatives.

Porsche Centre London

Porsche Centre London completed a third-party sustainability audit in 2023 to assess the dealership's current sustainability performance and to receive concrete dealer-specific actions and measures to improve performance in decarbonization, recycling, and waste management. The audit included an energy consumption analysis, reduction measures for HVAC and building envelope, renewable energy generation and supply analysis, carbon reduction road mapping, and more. The audit results will inform the dealership's environmental planning going forward.

Honda Green Dealer Program

Our Honda dealerships are in the process of participating in the Honda Green Dealer program, which recognizes dealers across Canada who are implementing environmentally sustainable changes. The program includes measuring a dealer's energy use intensity and conducting a site assessment to review existing lighting, HVAC systems, water usage, recycling practices, and more.



Dealership Recognition

2022 BMW Group Canada

Retailer of the Year Sustainability Award

BMW Laval received recognition for their progressive outlook and action on sustainability initiatives. The award recognizes retailers that have delivered significant environmental improvements for their business and implemented thorough sustainability measures and processes. Dealership activities included:

- › Installing a smart building control system to manage building heating and cooling systems depending on seasonal or occupancy needs and to reduce overall electricity and natural gas consumption
- › Installing 16 on-site EV chargers, providing over 34,000 kWh of electricity to EVs
- › Reducing waste pickups from 20 times to one time per month by investing in a cardboard compactor as part of their in-house recycling infrastructure
- › Creating a Sustainability Committee at the dealership which consists of team members from every department

As part of our commitment to a more sustainable future, we are proud of our dealerships like BMW Laval, which received recognition from our OEM partner as part of their sustainability program.





4.2

Sustainable Service Offerings

Our dealerships sell and service vehicles at the retail level that are engineered and manufactured by many of the world's automotive OEMs. These include a variety of hybrid and electric-powered vehicles which generate fewer emissions and contribute to a lower environmental impact.

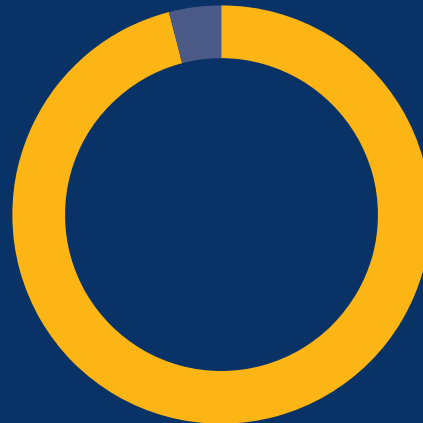
We are committed to working closely with our OEM partners on the promotion and sale of hybrid and electric vehicles. However, we acknowledge that supply and allocation to dealerships for these products is currently limited in Canada. We are nonetheless working to increase the infrastructure needed to support these vehicles, with more than 75% of our dealerships maintaining EV chargers. Several of our collision centres are also certified for electric vehicle and hybrid collision repair.

Sustainable Innovation

We embrace innovation and look to implement processes that increase efficiency, decrease environmental impact, and add value. Adding DCCHail to the AutoCanada family is an example of this type of thinking in action.

DCCHail

In early 2023, AutoCanada completed the acquisition of DCCHail, a specialized paintless dent repair company whose process decreases the environmental impact of its services. By reducing the need for paint, primer, and clearcoat, the carbon footprint and sustainability of the service is significantly improved. In fact, after conducting a third-party comparative life cycle analysis (LCA), DCCHail found that their process produces 96% fewer carbon emissions as compared to the conventional process.



96%

96% fewer carbon emissions at DCCHail as compared to the conventional process.

4.3

Supply Chain Management

OEMs, many of which have established ESG programs and disclosures, are AutoCanada's biggest vendors. OEMs have clear expectations regarding operating standards met by dealer partners, including a focus on sustainability.

Other vendors include IT companies who provide platforms and data management, outsourced field services, and hardware and equipment. Significant IT vendors go through a rigorous RFP process to ensure that they meet AutoCanada's standards relating to legal, financial, and security- and privacy-related risk management. As part of this RFP process, we may also review prospective vendors' sustainability practices and policies.

Enterprise Holdings Partnership

We partner with Enterprise Holdings, the world's largest car rental provider, for our dealership and collision centre network. Enterprise is actively working to progress the electrification transition by offering sustainable mobility options and facilitating the ongoing installation of EV charging stations.

“
OEMs
have clear
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sustainability.”



05

Frameworks & Standards



5.1

United Nations Sustainable Development Goals (SDGs)

The United Nations Sustainable Development Goals (SDGs) are a collaborative, global effort to achieve a better and more sustainable future for all. Represented by 17 Global Goals and 169 targets, the SDGs address challenges of poverty, inequality, climate

change, and economic growth. We identified the key areas where we have the greatest influence and impact through our business strategy, products, and services.

Goal	Description	Alignment to AutoCanada	Report Section
4 Quality Education	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	Training and development programs such as the Canadian Dealer Academy program	Team Member Engagement, Training & Development
8 Decent Work & Economic Growth	Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all	Performance-based compensation covers most of our team members Fair employment, benefits	Benefits and Labour Practices; Diversity, Equity, & Inclusion
9 Industry, Innovation & Infrastructure	Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation	EV and hybrid vehicle sales and services Building EV charging infrastructure	Sustainable Service Offerings





5.2

SASB Standards

The following tables incorporate the SASB Standards—now housed under the International Sustainability Standards Board (ISSB)—related to the Multiline and Specialty Retailers & Distributors industry. They include the relevant topic metric(s) where available and/or references to sections within this ESG Report where specific topics are discussed.

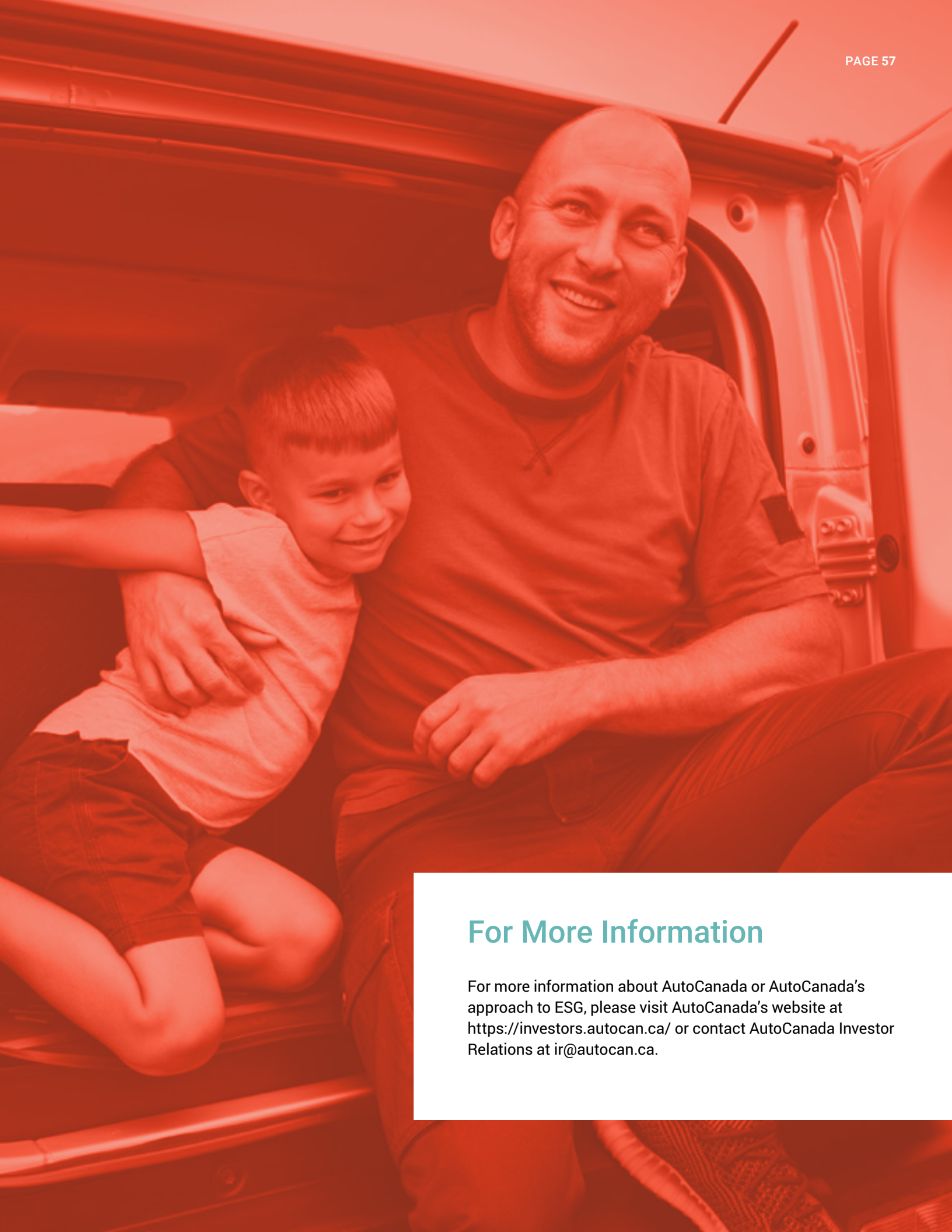
Topic	Accounting Metric	SASB Code	Report Reference
Energy Management in Retail & Distribution	<ol style="list-style-type: none"> Total energy consumed Percentage grid electricity Percentage renewable 	CG-MR-130a.1	Refer to the Energy Efficiency & Green Facilities section on pg. 43
Data Security	Description of approach to identifying and addressing data security risks	CG-MR-230a.1	
	<ol style="list-style-type: none"> Number of data breaches Percentage involving personally identifiable information (PII) Number of customers affected 	CG-MR-230a.2	Refer to the Data Security & Customer Privacy section on pg. 24
Labour Practices	<ol style="list-style-type: none"> Average hourly wage Percentage of in-store team members earning minimum wage, by region 	CG-MR-310a.1	Refer to the Team Member Health & Safety section on pg. 34
	<ol style="list-style-type: none"> Voluntary turnover rate for in-store team members Involuntary turnover rate for in-store team members 	CG-MR-310a.2	Refer to the Team Member Engagement, Training & Development section on pg. 32
	Total amount of monetary losses as a result of legal proceedings associated with labour law violations	CG-MR-310a.3	Refer to AutoCanada's Annual Information Form 2022
Workforce Diversity & Inclusion	<p>Percentage of gender and racial/ethnic group representation for</p> <ol style="list-style-type: none"> Management All other team members 	CG-MR-330a.1	Refer to the Diversity, Equity & Inclusion section on pg. 36
	Total amount of monetary losses as a result of legal proceedings associated with employment discrimination	CG-MR-330a.2	Refer to AutoCanada's Annual Information Form 2022
Product Sourcing, Packaging & Marketing	Revenue from products third-party certified to environmental and/or social sustainability standards	CG-MR-410a.1	
	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	CG-MR-410 a.2	Refer to the Sustainable Service Offerings section on pg. 48
	Discussion of strategies to reduce the environmental impact of packaging	CG-MR-410a.3	

Forward-Looking Statements

Certain statements contained in this ESG Report are “forward-looking statements” within the meaning of applicable securities laws. Forward-looking statements reflect management’s expectations regarding the future growth, results of operations, performance, prospects, and opportunities of AutoCanada. Without limiting the foregoing, the word “expects,” “anticipates,” “intends,” “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 obligation to update or revise such forward-looking statements to reflect actual events or new circumstances. All forward-looking statements contained in this ESG 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 “Risks Factors” in AutoCanada’s 2023 First 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.







For More Information

For more information about AutoCanada or AutoCanada's approach to ESG, please visit AutoCanada's website at <https://investors.autocan.ca/> or contact AutoCanada Investor Relations at ir@autocan.ca.

The logo for AutoCanada, featuring a stylized white maple leaf icon to the left of the text "AutoCanada" in a white, sans-serif font.The logo for PeopleDriven, featuring a white graphic of three curved lines above the text "PeopleDriven" in a white, sans-serif font.

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2023 **Environmental, Social
& Governance Report**