

## 1. INTRODUCTION

This Report is issued by East Penn Manufacturing Co. and its subsidiary, Power Battery Sales Ltd. (collectively referred to as “East Penn” or the “Company” or “we”) for the financial year ending June 3, 2023. It constitutes the first report prepared by the Company pursuant to Canada’s new Fighting Against Forced Labour and Child Labour in Supply Chains Act (the “Act”) and describes the steps taken by the company for the financial year ending June 3, 2023.

We consider the respect of human rights to be a fundamental corporate responsibility and a value governing all our activities. We place the highest importance on respecting human rights while conducting our business activities everywhere we operate. We expect the same of our business partners.

## 2. STRUCTURE, ACTIVITIES AND SUPPLY CHAINS

East Penn is a private, family-owned company founded in 1946. East Penn is a registered Pennsylvania corporation and has its headquarters and primary manufacturing facility in Lyon Station, Pennsylvania. East Penn is one of the world’s leading lead battery manufacturers with over 10,000 employees and 515 product designs. Our automotive products include starting, lighting and ignition batteries that are used in all transportation applications. Our industrial products include motive power solutions used in material handling applications and reserve power solutions used for backup power in uninterruptible power systems for data centers, telecommunications, and other applications, and renewable energy applications.

In 1993, East Penn acquired Power Battery Sales, Ltd., which now operates as East Penn Canada, a wholly owned subsidiary incorporated under the Canada Business Corporation Act and headquartered in Courtice, Ontario. East Penn Canada is a national distributor of automotive and industrial batteries and provides services to repair and maintain industrial batteries at customer sites.

Although the majority of East Penn products are manufactured by East Penn, the Company will, from time to time, purchase battery products from alternative suppliers for distribution. These alternative suppliers have manufacturing facilities within North America as well as globally.

There is significant overlap between East Penn Canada and East Penn Manufacturing supply chains . One key difference; however, is that East Penn Canada only purchases finished goods for distribution, while nearly all key suppliers overlap with East Penn Manufacturing.

## 3. POLICIES, GOVERNANCE AND DUE DILIGENCE PROCESSES

### a. Social Accountability Policy

East Penn’s Social Accountability Policy sets forth our values and core beliefs about the Company’s relationship with people and the well-being of the communities in which we operate. Covering topics such as non-discrimination, child labor, human trafficking, ethical supply chain management, health and safety, and compliance with laws, this document exemplifies our commitment to upholding the dignity, respect, and integrity of our employees, customers, suppliers, and all other stakeholders. The Social Accountability Policy may be found here:



[https://www.eastpennmanufacturing.com/wp-content/uploads/Social\\_Accountability\\_11x17\\_Poster\\_7-31-23-FINAL-w-Footer.pdf](https://www.eastpennmanufacturing.com/wp-content/uploads/Social_Accountability_11x17_Poster_7-31-23-FINAL-w-Footer.pdf)

### b. Sustainability and Corporate Responsibility Guidelines

We actively engage our supply chain to ensure our suppliers are meeting the high standards laid out in our Sustainability and Corporate Responsibility Guidelines. These Guidelines, outlined in detail within the East Penn Sustainability Report, are reviewed and updated annually as needed. They cover our expectations of suppliers within respect to human rights, labor, legal compliance, health and safety, the environment, ethics, and governance. In 2022, all suppliers to East Penn’s U.S. manufacturing facilities signed their agreement to these guidelines or a set of more stringent guidelines. The Sustainability Report can be found here:



<https://www.eastpennmanufacturing.com/wp-content/uploads/Sustainability-Report-1811.pdf>

## 4. DETERMINING THE RISK OF FORCED LABOR OR CHILD LABOR

### a. Among Our Personnel

We believe that we have put the necessary measures in place to prevent the risk associated with forced labor or child labor among our personnel. Our Human Resource policies and procedures are overseen by a fully staffed team managed centrally at our company headquarters. These policies include, but are not limited to, our Employment of Minors policy, Human Trafficking policy, and our WeTip Reporting and Employee Hotline. These policies clearly outline a system for reporting concerns. The primary purpose of this reporting system is to immediately address any suspected violations of the Company policies and any other unethical behavior.



**b. Within Our Supply Chain**

We are aware of the potential risk of forced labor at the many levels of our supply chain. Currently, we actively evaluate this risk as it relates to the direct personnel of East Penn and its Tier 1 suppliers. In 2022, East Penn conducted 50 supplier audits which were selected based on risk factors including previous audit scores. Failure to pass our Sustainability and Corporate Guidelines onto their own supplies is considered nonconformance. We give suppliers 30 days to respond with a corrective action plan and have terminated one (1) supplier relationship for failure to respond.

For certain types of products, the prevalence of this risk increases for suppliers located further down the supply chain. Identifying the risks regarding these indirect suppliers over which we have little control and visibility may prove to be complex and will require certain additional measures that will be considered as we refine our processes.

**5. REMEDIATION MEASURES**

In the last calendar year, we have not identified any incident of forced or child labor in our activities or supply chain. We therefore did not need to take any measures to remediate an incident of forced or child labor. We have also accordingly not identified any loss of income to the most vulnerable families resulting from any remediation measure taken.

If we do identify incidents of forced labor within our activities or supply chains, we will consider the appropriate remediation strategies in compliance with international standards.

**6. TRAINING**

East Penn has not yet developed any formal training on forced labor awareness. East Penn is monitoring the development of awareness-raising guidance materials and will leverage these resources upon their publication.

**7. ASSESSING EFFECTIVENESS****a. Internal Assessment**

East Penn has in place a number of measures to prevent and reduce the risk that forced or child labor is used in our activities and supply chains. While we have not taken any actions to assess the effectiveness of those actions, we intend to assess our effectiveness at preventing and reducing risks of forced and child labor in its activities and supply chains at a later stage.

**b. External Assessment**

To verify East Penn's effectiveness and commitment to Social Accountability, a third-party SMETA audit (Sedex Members Ethical Trade Audit) was conducted in 2023 for the Company's largest facility in Lyon Station, Pennsylvania. SMETA is an internationally recognized format for social audits, enabling businesses to access and better understand working conditions in their supply chains. The audit sections included Labor Standards, Health & Safety, Environment, and Business Ethics. Following an in-depth review, East Penn received exceptional results, confirming the effectiveness of our social accountability policies and practices.

**8. Approval and Attestation**

This report was approved pursuant to subparagraph 11(4)(b)(ii) of the Act by the Board of Directors of East Penn Manufacturing Co.

In accordance with the requirements of the Act, and in particular section 11 thereof, I, the undersigned, attest that I have reviewed the information contained in this report for the entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in this report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Per:  \_\_\_\_\_

Chris Pruitt

President and CEO

Director of East Penn Manufacturing Co.

May 31, 2024