



2023 Interstate Battery System International, Inc. Modern Slavery Report

Interstate Battery System International, Inc. ("Interstate Batteries", "we", or "our") has created this report to meet our requirements pursuant to the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "**Modern Slavery Act**").

Forced labour and child labour (each as defined in the Modern Slavery Act and hereinafter together referred to as "**modern slavery**") are violations of fundamental human rights and are occurring across the globe. As a Canadian **Retail Trade** company, we recognize the responsibility that we have to ensure our operations and the supply chains that support our operations adhere to the highest ethical standards which includes the identification and prevention of modern slavery occurring in our business and supply chains.

Interstate Batteries is subject to the reporting requirements of the Modern Slavery Act. This report covers Interstate Batteries' activities on a consolidated basis along with the activities of the entities listed in Appendix A during our previous financial year, being from May 1, 2023 through April 30, 2024.

Interstate Batteries takes modern slavery and our reporting requirements very seriously and we are committed to ensuring that we adhere to such requirements. We will continue to evaluate and assess our processes with respect to modern slavery in our business over time to ensure we are meeting all applicable reporting requirements and other legislation relating to modern slavery.

Steps Taken During 2023

Throughout the previous financial year, Interstate Batteries performed random audits, mapping activities, contracted with an external entity for risk assessments, developed and implemented due diligence policies. Interstate Batteries has also required suppliers to sign anti-forced labor and trafficking clauses and policies and procedures in place for identifying and prohibiting the use of forced labor and/or child labor in their activities and their supply chains.

Structure, Activities and Supply Chains

- **Structure and Operations:** Interstate Batteries is headquartered in Dallas, TX USA, and partners with global suppliers through its wholly owned subsidiaries to provide a wide range of battery types for customers; please see the corporate organization chart set forth in Appendix A. Interstate Batteries' subsidiaries sell primarily automotive batteries throughout the United States, Canada, and Latin America, and engage in the wholesale and retail distribution of various battery types within countries in these regions with the support of independent distributor and franchisee partners. Interstate Battery System of Canada, Inc., Interstate Batteries, Inc., and Retail Acquisition & Development, Inc. are the only Interstate Batteries subsidiaries which transact business in Canada, and of the three companies, only Interstate Battery System of Canada, Inc. has a physical presence in Canada. Outside of these three entities, neither Interstate Batteries nor any of its other subsidiaries conduct business in Canada directly.

- **Supply chains:** Interstate Batteries' suppliers are located in the United States and in Asia, primarily in Vietnam, Malaysia, Korea, and China. Our primary international supplier, which currently provides over 50% of our battery supply, is located in Korea.

Additional information regarding the corporate structure and operations of Interstate Batteries can be found on our website at www.interstatebatteries.com.

Policies and Due Diligence

This section addresses Interstate Batteries' policies and due diligence processes in relation to modern slavery.

Policies

Interstate Batteries has several policies in place that reflect our values and set clear expectations for our directors, officers, employees, suppliers, contractors, consultants, agents, business partners, and other service providers and affiliates with whom we engage. We do not tolerate any form of modern slavery in any part of our business, including in our supply chains.

Below, we have provided an overview of the relevant policies that we currently have in place:

- **Interstate Batteries Team Member Playbook (handbook):** Employees are required to maintain the highest ethical standards and comply with all applicable laws, including those relevant to safety, personnel, contractual, environmental, and general business practices. Our employees are encouraged to stand up for what is right and if anyone sees something in their day-to-day that is concerning then they may report it directly to their supervisor. Additionally, we provide for an anonymous whistleblower hotline service that is available 24/7 to team members if any wish to report their concern more discretely. The company also has an anti-retaliation policy which prohibits retaliation of any kind for engaging in protected activities, including reporting violation of law or company policy.
- **Supplier Code of Conduct (SCOC):** The SCOC prohibits manufacturers from violating any applicable laws and regulations. Manufacturers are required to provide workers a safe and healthy work environment in compliance with applicable labor and employment laws and regulations, and are prohibited from engaging in any forced or child labor. Each supplier must read and agree to adhere to the SCOC before doing business with Interstate.

In addition to the above, we intend to continue to evaluate our approach with respect to modern slavery to ensure the effectiveness of our methodology, including amending existing policies and implementing new policies, as necessary, to prevent modern slavery from occurring in our business.

Due Diligence

Interstate Batteries expects our directors, officers, employees, suppliers, contractors, consultants, agents, business partners, and other service providers and affiliates with whom we engage, to adhere to ethical and lawful business practices.

To ensure we are not unknowingly engaged in business with any entities engaged in modern slavery, we perform a supplier risk assessment and mapping exercise to determine the maturity level of each company's governance program. One of the points of focus in this process, includes

suppliers sharing their policies and procedures around human rights, involuntary labor, and employee training in these areas.

Activity and Supply Chain Risks

Risks with respect to modern slavery exist across all industries and sectors. Any audit finding or observation is reported first through the Supplier Quality department and escalated up through management based on the nature and extent of the violation. Based on the circumstances, Interstate Batteries will implement a plan with the supplier to remediate the concern within a reasonable amount of time. However, depending upon the severity of the violation, it could result in an immediate action and/or termination of our business relationship with the supplier.

Remediation Measures

Interstate Batteries did not identify the existence of modern slavery in our business and the supply chains that support our operations and as such, we have not taken any measures to remediate any forced labour or child labour or to remediate the loss of income to the most vulnerable families that resulted from any measure taken from any of Interstate Batteries' actions.

Assessment of Effectiveness

Throughout the previous financial year, Interstate Batteries has in the activities set forth below.

- Audits are performed at facilities by independent third-party auditors who specialize in social responsibility concerns. Audits are conducted with minimal notice, which is usually given to comply with travel, data gathering and security concerns at each facility. Typically, supplier risk assessments with lower grades get increased on-site audits.
- Routine travel is conducted by Procurement and Supplier Quality associates throughout the year. During these visits, associates are mindful of social responsibility concerns when observing facilities and trained to be on the lookout for suspicious activity.
- Starting in 2024, Interstate Batteries created the Environmental, Social and Governance (ESG) Task Force. This newly formed group consists of a group of associates with extensive experience and background in procurement, audit, environmental and trade compliance. Any issues related to ESG will be tracked, addressed, and remediated by the task force and such activities shall be reported to the Risk Committee of Interstate Batteries at least on a quarterly basis.

Attestation of the Report

In accordance with the requirements of the Modern Slavery 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 Modern Slavery Act, for the reporting year listed above.



William McDade

Assistant Secretary of Interstate Battery System International, Inc.
President and Director on the Board of Interstate Battery System of Canada, Inc.
Executive Vice President, Chief Operations Officer & Assistant Secretary of Interstate Batteries, Inc.

May 30, 2024

I have the authority to bind Interstate Battery System International, Inc.

Appendix A

This joint report includes Interstate Battery System of Canada, Inc., Interstate Batteries, Inc., and Retail Acquisition & Development, Inc., as subsidiaries of Interstate Battery System International, Inc. and as entities conducting business in Canada.

Please see below for an organization chart for Interstate Batteries companies:

