



**Lithion Battery Holdings Limited Partnership
Bill S-211: Fighting Against Forced Labour and Child Labour in Supply Chains Act**

Lithion Battery Holdings Limited Partnership and its affiliates (“Lithion”) submit this Forced Labour and Child Labour Report (the “Report”) pursuant to *Bill S-211: Fighting Against Forced Labour and Child Labour in Supply Chains Act (the “Canadian Modern Slavery Act”)*.

This Report is submitted as a Joint Report, and applies to all Lithion affiliates, entities, divisions, subsidiaries, suppliers, and partners across the globe (“Lithion”). This Report applies to all individuals who work for Lithion or on our behalf in any capacity, including employees at all levels, directors, officers, agency workers, seconded workers, volunteers, interns, agents, contractors, external consultants, third-party representatives, and business partners (“Staff”). This Report also applies to all individuals, customers, suppliers, vendors etc. that partner with Lithion in any business capacity (“Supply Chain”).

Reporting Entity’s Legal Name:	Lithion Battery Holdings Limited Partnership	
Financial Reporting Year:	2023	
New or Revised Report:	New	
Business Number:	836108134	
Entity Categorization:	Listed on a stock exchange	No
	Canadian business presence	Yes
	Meets size-related thresholds	Yes
Sector/Industry:	Manufacturing (Battery)	
Location:	Calgary, Alberta, Canada	

Identification of a Joint Report:		
Entity	Federal ID	Location
Lithion Power Group Ltd.	836108134	Calgary, AB, Canada
Engineered Power Limited Partnership	731577722	Calgary, AB, Canada
Charger Industries Canada Limited Partnership	732717095	Calgary, AB, Canada
Lithion Battery Inc.	853189219	Henderson, NV, USA
Charger Industries USA Inc.	463576036	Houston, TX, USA
Aved Electronics LLC	042668189	Billerica, MA, USA
Engineered Power USA Inc.	473211008	Boston, MA, USA
Lithion Battery (UK) Ltd.*		Belfast, Ireland, UK
Lithion Battery Netherlands B.V.		Hengelo, Netherlands
Lithion Suzhou Technology		Suzhou, China

*Lithion Battery (UK) Ltd. is also subject to reporting requirements under the United Kingdom’s *Modern Slavery Act 2015*.

CORPORATE STRUCTURE

Lithion (the “Company”) is an integrated battery technology company producing cells, modules and battery management systems (“BMS”) for a diverse set of markets. Lithion has manufacturing locations in Henderson, NV; Calgary, AB; North Billerica, MA; Austin, TX; and Houston, TX with additional sales, engineering and R&D locations in Austin, TX; Belfast, UK; Hengelo, NL; and Suzhou, CN. Lithion’s operations consist of the following segments:

Medical & Robotics

The Medical & Robotics division consists of the operations of Aved which manufactures battery modules and cable and box assemblies for medical, defense, robotics and industrial applications.

Electrification

The Electrification division designs and manufactures advanced energy storage solutions for residential, commercial, and industrial markets. The Electrification division consists of the operations of Valence, HomeGrid, GridBox and the bulk of the Company’s Engineering operations.

Power Sources

The Power Sources division manufactures various types of battery cells and modules. The Power Sources division consists of the operations of Charger Battery (“Charger”), Engineered Power (“EP”) and CF1. Charger designs and manufactures battery modules, primarily for the energy sector. EP manufactures non-rechargeable 3.6V lithium thionyl chloride battery cells specifically designed for the high temperature, high shock/vibe requirements experienced in downhole oil and gas environments.

Lithion has approximately 500 employees during the financial reporting year of 2023. The Company and its affiliates are part of a multinational group of companies.

OVERVIEW

Lithion conducts business in a socially responsible manner, respecting the law and universal human rights to benefit the communities where we work. The health and safety of the workforce and protection of communities is a key priority.

Forced labour and child labour (“Modern Slavery”) is a crime and a violation of fundamental human rights. It takes many forms, including slavery, servitude, force and compulsory labour, and human trafficking, all of which involve the deprivation of a person’s liberty by another to exploit them for personal and commercial gain.

Lithion takes a zero-tolerance approach to Modern Slavery, and we are committed to acting ethically and with integrity in all our business dealings and relationships, as well as implementing and enforcing effective systems, processes, and controls to ensure Modern Slavery does not exist anywhere in our own business and in any of our Supply Chains.

Lithion expects the same high standards from all our contracts, suppliers, and other business partners. We will continue to include specific prohibitions against the used of forced, compulsory, or trafficked labour, as well as anyone held in slavery or servitude, whether adults or children, in our contracting processes, and we expect our suppliers to hold their own suppliers to the same high standards.

Lithion is ultimately responsible for ensuring that this Report conforms with our legal and ethical commitments, as well as that all people applicable to it abides by it. Lithion is responsible for implementing, ensuring it is communicated, providing training, and monitoring its effectiveness to ensure we are successful in combatting Modern Slavery.

REPORT OBLIGATIONS

Lithion engaged internal, cross-functional stakeholders to undertake a thorough review of Supply Chain and hiring practices to identify and assess any potential risk of Modern Slavery. The scope of the assessment included:

- Identifying the structure of supply chain activities conducted
- Auditing Lithion activities and supply chains to identify supplier spend globally and risk mapping
- Interviewing supply chain stakeholders to identify current due diligence practices within the supply chain process specific to Modern Slavery
- Identification and review of Lithion governance and code of business conduct policies as they relate to supply chain
- Reviewing internal Human Resources practices, controls, and procedures on hiring and training,
- Creating a Modern Slavery risk assessment
- Identifying any training gaps
- Creating a risk mitigation plan for gaps identified

This Report was prepared internally, for final review and approval by the Lithion Board of Directors (“Board”). A consolidated audit binder and documentation to support findings will be retained for reference and future reporting.

Upon review and signed attestation by the Board, the Report is to be published publicly on our Company website, pursuant to the *Canadian Modern Slavery Act*. This multi-step process ensures our Report provides a transparent and comprehensive account of the commitment we are making to combat Modern Slavery throughout our organization globally.

SUPPLY CHAIN

Lithion Supply Chain Spend

As a company committed to ethical and responsible business practices, we have a thorough understanding of the Modern Slavery risks present in our global supply chain. By analyzing our 2023 Accounts Payable data and cross-referencing it with the Global Slavery Index, which provides national estimates of Modern Slavery for 160 countries, we have identified key areas of focus to ensure compliance with the Canadian Modern Slavery Act.

Lithion's 2023 Accounts Payable data shows most of our vendor/supplier spend was concentrated in the United States (66.30%), China (18.31%), and Canada (14.03%). Remaining countries made up 1.36% of total spend in 2023.

When overlaying the Modern Slavery vulnerability data from the Global Slavery Index, several countries emerge as high-risk areas requiring our heightened attention:



United States & Canada (66.3% & 14.03% of spend)

While the large majority of our spend in 2023 was primarily in the United States, and Canada, the vulnerability rating is low; meaning while the risk is lower, we must still exercise caution and ensure we are conducting a thorough due diligence on our US-based suppliers.

Mexico, UAE & Israel (0.01% + 0.05% + 0.01% of spend)

These countries hold a high vulnerability score for Modern Slavery, however Lithion's spend was minimal in these locations in 2023. This highlights our need for vigilance and caution when conducting business, especially if we continue to conduct business with them, or the need for business in these locations increases.

China (18.31% of spend)

China poses a substantial risk with a vulnerability score of 46%. Given that China accounts for 18.31% of our total Supply Chain spend, this represents a major area of concern that requires robust risk mitigation strategies and a top priority for our due diligence and monitoring efforts.

Other Countries (1.29% of spend)

Despite lower overall spend and a lower vulnerability score, we must also closely monitor our suppliers in other countries identified with a vulnerability rating to address the elevated Modern Slavery risks in these regions, especially if business or the vulnerability rating increases.

Lithion Supply Chain Practices

Supply chain leaders across all Lithion entities were interviewed to determine:

- (i) protocol for background screening/due diligence when sourcing products,
- (ii) vendor selection criteria,
- (iii) whether Modern Slavery is specifically a factor in vendor selection.

Vendor selection criteria currently is based on the following:

- Previous spend practices using specific suppliers
- Recommendations from industry relationships
- Online research
- Price

New vendor materials (i.e., direct vendors) go through our internal qualification process in order to become an approved vendor. Once it is established that a vendor can supply the product/service, they are evaluated by means of a Request for Quote (RFQ) submission where pricing, performance, engineering capability, product quality, references, delivery, and quality management systems (e.g., ISO9001, 14001, 45001, IATF16949 etc.) are assessed. Due diligence is not based on Modern Slavery, as such.

For custom products, we ensure that suppliers meet our specification criteria by engaging in quality audits where they provide samples of the product, and the business tests and evaluates their products and general business practices via in-house quality testing and onsite tours/audits.

The consensus across the business units is that new vendors are not a regular occurrence. Throughout our established business entities, they have been partnering with the same vendors for years.

Supply Chain – Findings & Risk Mitigation

As part of the Supply Chain process, Lithion conducts due diligence on vendors in which we partner. New vendors are screened and evaluated against our standards.

Lithion will continue to focus on high-risk areas (i.e., China), and incorporate protocol such as integrity due diligence before engaging with new suppliers, specific to Modern Slavery.

Lithion will require vendors to agree to fair labour practices.

We will communicate our position on Modern Slavery, encourage sustainable practices and prohibit bribery and anti-corruption.

We will disclose any conflict with these practices and continue to act in accordance with our commitments.

POLICIES & GOVERNANCE

Lithion Policies & Governance

Lithion has adopted a range of policies and internal governance aimed at legislative compliance, ethical business conduct, and the fair treatment of our employees. These include our:

- Business Code of Conduct and Ethics Policy
- Anti-Corruption Policy
- Lithion Employee Handbook with sub-sections referencing:
 - Corporate Governance
 - Equal Opportunity
 - Company Standards
 - Respectful Workplace
 - Confidential Report (Whistleblowing)
 - Working Conditions
 - Workplace Violence and Harassment

In 2021, Lithion created a Corporate Social Responsibility Policy that outlines our commitment to maintaining a strong reputation by conducting business in a legal and ethical manner, with an unwavering commitment to human rights, equal opportunity, and fair labour practices.

In 2023, Lithion published a Modern Slavery Statement pursuant to Section 54 of the *United Kingdom Modern Slavery Act 2015*.

Most recently, in 2024, Lithion implemented a Conflict Materials Policy and Supply Chain Integrity Policy that together, address our approaching to ensure that we source materials responsibly and do not contribute to conflict or human rights abuses in conflict-affected and high-risk areas. The mandates of these policies include, but are not limited to, the following:

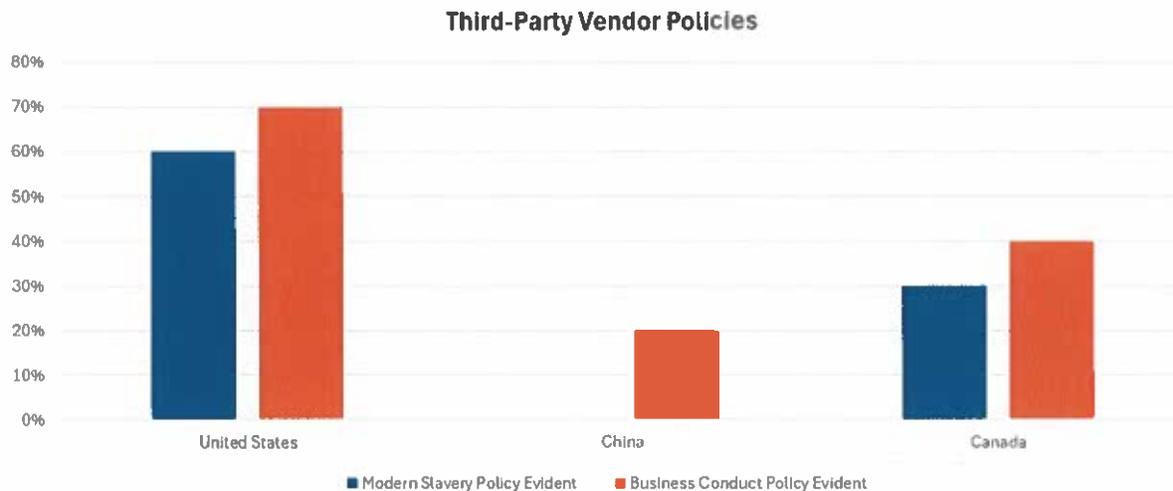
- Lithion and its supply chain partners must comply with all applicable local, national, and international laws and regulations related to labor, environment, health and safety, and trade.
- Uphold the dignity, rights, and welfare of workers by prohibiting child labor, forced labor, and any form of discrimination or harassment.
- Ensure safe and healthy working conditions for all employees.
- Conduct due diligence with new and existing suppliers to ensure they adhere to this policy's principles.

- Designing and implementing a strategy to respond to identified risks, including steps to improve conditions, reporting, and potentially ceasing engagement with suppliers that pose a risk to human rights.

Third-Party Vendor Policies

We sampled websites of Lithion’s vendors in which we sent payment to in the United States, China, and Canada for, and their policy statements:

- (i) policies or statements regarding forced labor and child labour and,
- (ii) policies or statements related to conduct or ethics, the results of which can be found below:



The results indicate significant gaps in Modern Slavery and ethical conduct policies among the sampled third-party vendors, particularly in China. For the U.S. vendors, while the majority had some form of publicly available policies related to forced labor and child labour and ethical conduct, a notable portion (30%) did not. Testing for the Chinese vendors were worse, where none had publicly available forced labor and child labour policies and only one had an ethics policy. The Canadian vendors fell in the middle, with 60% lacking such policies.

These findings suggest that many of the third-party vendors, especially those based in China, may not have adequate measures in place to address Modern Slavery risks in their operations and supply chains. Although China may not have specific Modern Slavery policies, there is some evidence of Business Conduct Policies.

Policies & Governance – Findings & Risk Mitigation

Lithion has adopted several policies on business conduct and ethics, including the fair treatment of our employees. In addition, many of our third-party vendors have developed similar policies.

Lithion will extend our commitment by incorporating a reference to Modern Slavery in our governance policies. We will continue our practices of partnering with clients that demonstrate similar policies.

HUMAN RESOURCES & TRAINING

Lithion Human Resources & Training Practices

As part of the reporting objectives, a review of Lithion's Human Resources & Training practices was also conducted. Lithion has a thorough process for hiring employees, including a range of policies and procedures for risk mitigation, plus the mistreatment of employees, including:

- Tiered approval process, with Human Resources involvement for all hiring
- Background screening and reference checking conducted by external third party on all hires
- Physical ID verification upon hire
- Utilization of U.S. E-Verify system to verify eligibility to work in the United States
- Implementation of, and employee attestation to Lithion's Employee Handbook that references governance and compliance with all legislation in relation to hiring practices
- Implementation of, and employee attestation to Lithion's Anti-Corruption Policy
- Implementation of, and employee attestation to Lithion's Business Code of Conduct and Ethics Policy
- Ensuring updated policies are posted on the Human Resources platform, ADP, which is made available to all employees
- Whistleblowing policy
- Deployment of ADP as Lithion's North America payroll provider, who memorialize their corporate social responsibility with respect to modern slavery as part of their Code of Business Conduct and Ethics Policy
- Executed agreements with international payroll providers for Lithion entities outside of North America, that have similar standards to Canada
- Employee onboarding and orientation conducted for new hires with Human Resources, the hiring manager, and the Health, Safety & Environment Manager
- Regular site visits by Human Resources and management
- Annual performance reviews and in-person meetings with management
- On-the-ground Human Resources representation in Canada, United States, and Asia

Certain demographics are disproportionately affected by Modern Slavery, including migrant workers, refugees, women and children, indigenous populations, and individuals from marginalized communities. Factors such as poverty, lack of education, discrimination, countries with weak governance structures, corruption, and conflict exacerbate vulnerability to exploitation.

While Modern Slavery can occur anywhere, Lithion recognizes that it employs workers in countries that are identified as a higher risk for Modern Slavery due to a combination of factors.

With Human Resources at the forefront of the hiring process and implementing policies, to mitigate this risk, Lithion recognizes its responsibility to prevent, detect, and address Modern Slavery.

Human Resources & Training – Findings & Risk Mitigation

Human Resources conducts a thorough onboarding of new hires that includes a code of business conduct and the fair treatment of all employees.

Lithion will augment our training throughout the organization to include a focus on education of Modern Slavery; to raise awareness about the signs of Modern Slavery, responsibilities in preventing and reporting it, the importance of ethical recruitment and labour practices, and guidance on how to respond to suspicions or reports of exploitation.

Lithion's Employee Handbooks will be amended to incorporate a section on our commitment to compliance with all Modern Slavery legislation.

Lithion will continue to utilize ADP as the platform to post and communicate policies & legislation, supporting and protecting vulnerable workers within the organization.

CONCLUSION

By taking these proactive steps, Lithion aims to uphold our commitment to ethical and responsible business practices, while ensuring full compliance with the Canadian Modern Slavery Act and Bill S-211. We will continue to monitor our hiring practices and supply chain, adapt our strategies as needed, and work closely with our partners.

Risk Mitigation & Action Items	2024				2025			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
2024								
Bill S-211 knowledge & understanding								
External consultation & interpretation of Bill S-211								
Internal assessment of policies, practices & protocol								
Risk Matrix and gap analysis								
Report filing								
Communication across organization & Supply Chain								
Source external compliance reporting tool								
2025								
Update governance policies								
Update HR onboarding practices & training								
Establish Supply Chain Integrity Due Diligence								
Enhance Supply Chain RFPQ process								
Analyze & assess progress for reporting								

ATTESTATION

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.

I have the authority to bind "Lithion Battery Holdings Limited Partnership"

Tyler Armstrong (printed)

President, CEO and Director

Signature *7ef.*

Date *MAY 23, 2024*