



ANNUAL REPORT FOR THE FINANCIAL YEAR ENDING DECEMBER 31, 2024

**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 annual Forced Labour and Child Labour Report (the “Annual 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:	2024	
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:	970, 333 7 TH Avenue SW Calgary, Alberta, Canada T2P 2Z1	

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
Lithion Power Sources, LLC	993479835	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 Defense Inc.	882850765	Dormant
Stored Energy Inc.	854154466	Dormant
Lithion Battery (UK) Ltd.*		Belfast, UK
Lithion Battery Netherlands B.V.		Hengelo, Netherlands

*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 2024. The Company and its affiliates are part of a multinational group of companies.

Our supply chain spans multiple regions including North America, Asia, and Europe, and includes suppliers of raw materials, third-party manufacturers, logistics providers, and service partners.

OVERVIEW

Lithion is committed to conducting business in a socially responsible and ethical manner, upholding all applicable laws and respecting universal human rights to support and positively impact the communities in which we operate. Protecting the health and safety of our workforce and the well-being of local communities remains a key priority.

We recognize that forced labour and child labour ("Modern Slavery") are criminal acts and gross violations of fundamental human rights. These practices can manifest in various forms – including slavery, servitude, forced or compulsory labour, and human trafficking – all of which involve the exploitation of individuals through the restriction of their freedom for personal or commercial gain.

Lithion maintains a zero-tolerance policy toward Modern Slavery. We continue to be committed to operating with the highest levels of ethics and integrity across all aspects of our business. This includes establishing and enforcing robust systems, processes, and controls to prevent the existence of Modern Slavery within our operations and throughout our supply chains.

We expect all suppliers, contractors, and business partners to uphold these same standards. Our contracting processes include explicit prohibitions against the use of forced, trafficked, or compulsory

labour, as well as any form of servitude of slavery involving adults or children. We also require our suppliers to extend these expectations throughout their own supply networks.

Lithion accepts full responsibility for ensuring this report aligns with our legal and ethical obligations. We are accountable for implementing this policy, ensuring it is effectively communicated, providing appropriate training, and monitoring its impact. Through these actions, we reaffirm our commitment to identifying, preventing, and eliminating Modern Slavery wherever it may occur.

REPORT OBLIGATIONS

Lithion engaged internal, cross-functional stakeholders across all subsidiaries to disclose the actions taken over the past year, to identify and assess potential risks related to Modern Slavery. The scope of the review included:

- Reviewing 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 assess any changes, improvements or new risks identified within the supply chain process specific to Modern Slavery
- Identifying any training gaps

This Report was prepared internally, for final review and approval by the Lithion Board of Directors (“Board”) and Officer of the Company. 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 Annual 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 maintain a thorough understanding of the risks associated with Modern Slavery within our global supply chain. In 2023, we conducted an in-depth analysis of our Accounts Payable data, cross-referencing it with the Global Slavery Index, which provides national Modern Slavery estimates for 160 countries. This analysis enabled us to identify priority areas to support compliance with the Canadian Modern Slavery Act.

Our 2024 Accounts Payable data indicates that our vendor and supplier spend remained relatively consistent, with concentrated expenditures in the United States, Canada, and China.

United States & Canada

The majority of our 2024 spend continued to be directed toward suppliers based in the United States and Canada – both of which have low vulnerability ratings for Modern Slavery. Despite the low risk, it remains essential that we focused due diligence practices and continuously assess our North American suppliers for any potential ethical risks.

China

China remains a high-risk region, with a vulnerability rating of 46%. Given that approximately 18% of our total supply chain spend is allocated to Chinese suppliers, this presents a significant area of concern.

Robust risk mitigation strategies remain critical, and due diligence and ongoing monitoring in this region are among our highest priorities.

Other Countries

Although our spending in other countries is relatively limited and associated with lower vulnerability scores, we continue to monitor these suppliers closely. Elevated Modern Slavery risk in these regions warrant proactive oversight, especially in the event of increased business activity or risk vulnerability ratings.

Lithion Supply Chain Practices

In 2024, supply chain leaders across all Lithion entities were re-interviewed to assess any changes in procurement and vendor management practices, specifically focusing on:

- (i) protocol for background screening and due diligence during product sourcing
- (ii) criteria used for vendor selection
- (iii) Consideration of Modern Slavery risks in the selection process

Our vendor selection continues to rely on historical spending, established relationships, industry referrals, online research, and competitive pricing. However, there is a noticeable shift toward prioritizing North American suppliers, driven by factors such as product availability and tariff implications. Despite these efforts, sourcing from countries like China remains necessary due to limited domestic availability of certain products.

New vendor materials (i.e., direct vendors) continue to 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.

Our Lithion companies collectively partnered with GreenSoft, our compliance partner for REACH, RoHS, and Conflict Minerals, to engage our supply base regarding our expectations around Modern Slavery. This marks a new and proactive initiative for the 2025 calendar year, reflecting our commitment to ethical sourcing practices.

In parallel, we are developing a comprehensive Supplier Code of Conduct. This document will serve to clearly communicate Lithion's expectations related to Modern Slavery, while also enforcing compliance with other key standards, including REACH, RoHS, and broader regulatory and ethical obligations. This initiative supports a consistent, company-wide approach to responsible supply chain management.

POLICIES & GOVERNANCE

Lithion Policies & Governance

Lithion has adopted several policies on business conduct and ethics, including the fair treatment of our employees.

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 Condition
 - Workplace Violence and Harassment

In addition, many of our third-party vendors have developed similar policies. Lithion has extended 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

Our findings in 2023 identified that although Lithion has a thorough process for hiring employees, including a range of policies and procedures for risk mitigation, including the treatment of employees, we did not have a dedicated policy or training specifically addressing Modern Slavery.

Recognizing that Modern Slavery can occur in any location, Lithion remains particularly aware of the elevated risk in certain countries where we employ workers, due to a combination of socioeconomic and regulatory factors.

In response, and with Human Resources leading these efforts, we expanded our communication and training initiatives in 2024. This included the introduction of targeted training across the organization focused on:

- Raising awareness of Modern Slavery and its indicators
- Clarifying responsibilities in prevention, identification and reporting
- Emphasizing the importance of ethical recruitment and labour practices
- Providing clear guidance on how to respond to suspected or reported exploitation

To support this initiative, Lithion's Employee Handbook was updated to include a dedicated section outlining our commitment to complying with all relevant Modern Slavery legislation. This training is now part of our employee onboarding and orientation program, and acknowledgement of the policy is a condition of employment.

All policies, including those related to Modern Slavery, are accessible to employees via Lithion's HRIS platform, ADP Workforce Now, which is our centralized hub for policy communication and legislative compliance – supporting and protecting vulnerable workers across the organization.

CONCLUSION

As part of our 2025 compliance efforts, Lithion reinforces its zero-tolerance approach to Modern Slavery. In 2025, we remain committed to conducting our business with integrity and implementing effective systems

and controls to ensure that such practices are neither present in our own operations nor tolerated with our global supply chains.

For the remainder of 2025, and through 2026, we will continue to expect our employees, contractors, business partners to adhere to these same high standards. Lithion remains responsible for ensuring accuracy and integrity of this report, as well as the implementation and communication of our commitments. We will continue to monitor the effectiveness of our efforts and provide relevant training to support our people and partners in identifying and addressing risks of Modern Slavery. These actions reflect our ongoing dedication to transparency, accountability, and ethical conduct.

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

President and Chief Executive Officer



May 19, 2025

Signature

Date