

Fighting Against Forced Labour and Child Labour in Supply Chains Report 2025

Carte International – Winnipeg | Manitoba | Canada

This report was prepared by Carte International Inc. in compliance with the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (Canada) (the “Act”), for the period January 1, 2025 to December 31, 2025 (the “2025 reporting year”). This is a joint report of Klaponski Holdings Inc. and its subsidiaries, Carte Limited and Carte International Inc. (collectively “Carte International” and the “Company”). Klaponski Holdings Inc. and Carte Limited are holding companies and rely on Carte International Inc., the operating company, to manage their compliance under the Act.

INTRODUCTION

Carte International is committed to preventing and reducing the risks of forced labour and child labour in its operations and supply chain. Carte International’s business and supply chain partners are expected to uphold this principle.

STRUCTURE, ACTIVITIES, AND SUPPLY CHAIN

Carte International Inc. is a manufacturer of liquid-filled electrical transformers used in power delivery systems operated by electrical utilities and other companies in Canada and the United States. The Carte International production facility and head office is located at 1995 Logan Avenue in the City of Winnipeg, Manitoba.

Each of the companies covered by the joint report are privately held and incorporated in the Province of Manitoba. Carte Limited and Carte International Inc. are both governed by a Board of Directors to which the President and Chief Executive Officer (CEO) reports. Officers of the corporation include the CEO, Chief Financial Officer and Vice Presidents having responsibility for the various segments of the operation. Carte International employs approximately 450 people in Canada and one person in the United States.

Carte International is ISO 9001:2015 certified and vertically integrated, with all major transformer components including cores, coils, tanks, and assemblies made in-house. Transformer cores are made from premium grades of steel and are produced using a strictly controlled annealing process. Transformer coils are manufactured with either aluminum or copper conductor, depending on customer and design requirements. Tanks are made from either mild or stainless steel, much of which is pre-cut and shaped by suppliers. Other materials and components are primarily sourced from suppliers in Canada and the United States.

STEPS TAKEN TO PREVENT AND REDUCE THE RISK OF FORCED LABOUR OR CHILD LABOUR

For the year ending December 31, 2025, Carte International undertook the following steps to prevent and reduce the risk that forced labour or child labour is used in its supply chain:

- Communicated the *Forced Labour and Child Labour Policy* to staff through the Company's SharePoint to express the commitment to prevent and reduce the risk that forced labour or child labour is used in the supply chain.
- Updated human resources onboarding training to include the *Forced Labour and Child Labour Policy*.
- Updated Employee Handbook to include the Forced Labour and Child Labour Policy.
- Reviewed internal operations activities and concluded that forced labour or child labour is not used in Carte International operations.
- Issued the Supplier Code of Conduct to suppliers to communicate the Company's expectations and standards regarding responsible and ethical business practices. The purpose of the Code of Conduct is to ensure that suppliers operate in a manner that aligns with the Company's ethical principles and values.

POLICIES AND DUE DILIGENCE

The Company's Ethics policy requires all employees to act with integrity and in accordance with the law respecting human rights and dignity. The policy requires employees to report any observed violations of this policy.

The Company implemented a *Forced Labour and Child Labour Policy* in 2024. The policy was implemented along with a Supplier Code of Conduct to express the Company's commitment to prevent and reduce the risk that forced labour or child labour is used in the supply chain.

Procurement policies held by the Company include regular evaluations of new and continuing suppliers. In 2025, the Company began to communicate policies and due

diligence processes relating to Forced Labour and Child Labour. A Supplier Code of Conduct was created and issued to suppliers. It is aimed at preventing the use of forced labour and child labour throughout its supply chain.

RISK ASSESSMENT

Due to the nature of its workplace and the human resource policies and collective agreements that are in place, Carte International concluded that there is no risk of forced labour or child labour in its internal operations.

It is recognized that there may be a risk of forced labour or child labour in the supply chain.

Procurement evaluation procedures provide the Company with visibility and a process to review first level suppliers located primarily in Canada and the United States. The risk that first level suppliers are using forced labour or child labour was assessed to be low. The Company has little visibility and no control relating to those vendors servicing its first level suppliers (Tier 2, 3, etc.).

REMEDIATION

For the 2025 reporting year, the Company did not find any evidence of forced or child labour in its supply chain and did not implement any remedial actions.

TRAINING

For the 2025 reporting year, the Company added the Forced Labour and Child Labour Policy to the onboarding training and to the Employee Handbook.

ASSESSMENT OF EFFECTIVENESS

For the 2025 reporting year, Carte International issued the Supplier Code of Conduct. All existing suppliers responded.

The Company's updated human resources onboarding procedure ensures that forced labour and child labour policies are reviewed and considered in its internal operations.

CONCLUSION

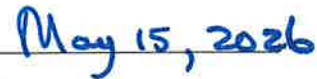
Carte International is committed to participating in the fight against forced labour and child labour. In 2026 the Company will continue training staff on the Forced Labour and Child Labour Policy and communicating the Company's expectations that our suppliers operate in a manner that aligns with our ethical principles and values. The Company will continue to enhance procurement policies and processes to prevent the use of forced labour and child labour in its operations and its supply chain.

ATTESTATION

In accordance with the requirements of the *Fighting Against Forced Labour and Child Labour in Supply Chains 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.

A handwritten signature in blue ink, appearing to read "Brian Klaponski", is written over a horizontal line.

Brian Klaponski
Director and Officer
Klaponski Holdings Inc., Carte Limited and Carte International Inc.

The date "May 15, 2026" is handwritten in blue ink.

Date

I have the authority to bind Carte International.