



KAL TIRE – ANNUAL REPORT - FIGHTING AGAINST FORCED LABOUR AND CHILD LABOUR IN SUPPLY CHAINS

REPORTING ENTITY LEGAL NAME: Kal Tire, a corporate partnership, Total Tire Distributors Inc.

FINANCIAL REPORTING YEAR: Year ended March 1, 2025.

BUSINESS NUMBER: Kal Tire, a corporate partnership 122644537; Total Tire Distributors Inc. 881047567.

LOCATION: 1540 Kalamalka Lake Road, Vernon, British Columbia, V1T 6V2.

BOARD APPROVAL: This report was approved by the Kal Tire Board of Directors on May 22, 2025.

This Annual Report is being published in accordance with the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* S.C. 2023, c. 9 ("**the Act**") and sets out the actions taken by Kal Tire and its subsidiary, Total Tire Distributors Inc. (collectively, "**Kal Tire**" or the "**Company**") to assess and manage modern slavery risks within its operations, supply chains and business activities for the financial year ending March 1, 2025 ("**FY25**"). This is Kal Tire's second annual report under the Act (the "**Annual Report**")

This Annual Report highlights Kal Tire's commitment to addressing modern slavery risks in its operations and supply chains by reporting on measures taken to address and mitigate these risks.

This section addresses the mandatory criteria set out in Section 11 (3) (a): structure, activities and supply chains.

This statement is prepared on behalf of 1) Kal Tire, a corporate partnership and 2) Total Tire Distributors Inc., as Kal Tire's subsidiary.

Operations

Kal Tire

Kal Tire is a wholly owned Canadian company based in Vernon, British Columbia comprising of retail, commercial and mining tire divisions. The core business of these divisions is tire sales and service and the retreading and repair of tires.

Kal Tire is one of Canada's largest independent tire dealers and one of North America's

largest commercial tire dealers. In Canada, Kal Tire is comprised of 255 company-owned stores, 34 associate stores, 11 truck tire retread plants, 2 off-the-road tire (OTR) retread plants, and 6 distribution warehouses. The business services a market that includes British Columbia, Alberta, Yukon, Northwest Territories, Saskatchewan, Manitoba, Ontario, Quebec, and Atlantic Canada. Kal Tire's Mining Tire Group services customers in Australia, Botswana, Canada, Chile, Colombia, Dominican Republic, Ecuador, Ghana, Guinea, Honduras, Mali, Mexico, Mozambique, Nicaragua, Panama, Papua New Guinea, South Africa, Suriname, the UK, Zambia, Panama and Zimbabwe. The Mining Tire Group also have another 4 OTR retread plans located in the United Kingdom, Mexico, Chile and Ghana, as well as a mining tire recycling facility in Chile. Kal Tire currently employs more than 6,500 team members internationally, across these 5 continents.

Total Tire Distributors Inc.

Total Tire Distributors Inc. is a leading wholesale tire distribution company, specializing in the sale of tires and wheels to retailers and automotive businesses in Canada. Total Tire Distributors Inc. has 9 warehouses located across Canada.

Kal Tire sources tires, equipment and materials from suppliers across North and South America, Europe and Asia. We establish a relationship of trust and integrity with all our suppliers which is built upon mutually beneficial business principles. When we select and onboard new suppliers, we perform due diligence to the supplier's reputation, respect for the law, compliance with health, safety and environmental standards and references. Our main suppliers are tire manufacturers, vehicle and vehicle part manufacturers, and suppliers of garage tooling and equipment. Kal Tire is aligned directly with the industry's top tire brands. These include Bridgestone, Michelin, Nokian, Sumitomo, Sailun, Yokohama, Continental, Pirelli, Nitto, BKT, Carlstar, Maxam, Goodride, Canadian Linen and others.

This section is to address the mandatory criteria set out in Section 11 (3) (b): policies and due diligence processes in relation to forced labour and child labour.

Policies Concerning Forced and Child Labour

At Kal Tire, our aim is to continually improve every aspect of our company, recognizing our responsibility to our customers, each other, our communities and the environment.

The Kal Tire Code of Conduct sets out clear provisions for how Kal Tire conducts business worldwide. The Code of Conduct applies to all divisions, team members, volunteers, and key contractors.

Kal Tire's Code of Conduct outlines our commitment to combat forced and child labour, while confirming that Kal Tire does not engage in or support forced labour or child labour. Threats, intimidation or harmful physical punishment to force people to act involuntarily is not tolerated. Working hours and conditions comply with applicable laws and industry standards. Basic minimum age for work is not below the age for finishing compulsory schooling, which is generally 15. Hazardous work is not conducted by people under the age of 18.

Kal Tire does not tolerate violence, threatening behaviours, sexual harassment or intimidation. Compliance with our Workplace Violence and Harassment Policy is mandatory for all divisions, team members, volunteers, and key contractors. Possession of weapons is strictly prohibited.

Kal Tire is fully committed to upholding international human rights standards, as referenced in the United Nations Universal Declaration of Human Rights.

Any instances of modern slavery can be reported through the Ethics Point anonymous hotline. The contact information for the Ethics Point hotline is included in the Kal Tire Code of Conduct.

Due Diligence Processes

In the fiscal year 2025, Kal Tire engaged our tier 1 suppliers regarding their commitment to identifying and mitigating modern slavery risks in their operations and supply chains by way of a written questionnaire and introducing a Supplier Certification Form.

The Company contacted a total of 126 suppliers, using 81 contact emails. In many instances, a single point of contact represented multiple suppliers, allowing us to streamline communication while still ensuring broad outreach. We received 48 responses to our request, resulting in a response rate of 59.3% based on the 81 emails sent. Of the 48 respondents, 38 (79.2%) provided a signed Supplier Certification Form, certifying that: (i) they are not currently employing forced or child labour, (ii) committing to immediately notifying Kal Tire if such instances are identified in future, and (iii) taking remedial action when necessary. Additionally, 19 (39.6%) respondents completed the Supplier Questionnaire. The remaining respondents submitted a variety of documents indicating their efforts toward compliance. These included statements on the non-use of forced and child labour, commitments to combat forced and child labour, annual reports, human rights policies, codes of conduct, supplier codes of conduct, and forced labour remediation plans.

We observed a clear trend: larger suppliers were more likely to have developed comprehensive and global policies and procedures, while smaller suppliers tended to focus on compliance with applicable legislation. In the next fiscal year, we plan to follow up with the suppliers who did not provide satisfactory responses and will further reevaluate our relationship with them based on their submissions.

As part of our due diligence process, we have developed a contract clause to be included in all future Supplier Agreements. This clause mandates that suppliers refrain from engaging in practices that contribute to or support forced and child labour and to hold their own suppliers to the same standard. Furthermore, it stipulates that suppliers must take remedial action and report any instances of forced and child labour to Kal Tire promptly. Finally, it grants Kal Tire the authority to conduct audits and assessments of suppliers' facilities, processes, and records to ensure compliance with these standards.

This section addresses the mandatory criteria set out in Section 11 (3) (c): the parts of the business and supply chains that carry a risk of forced labour or child labour being used and the steps it has taken to assess and manage that risk.

In an effort to formulate strategies to alleviate existing and potential future risks, Kal Tire has conducted an initial assessment aimed at understanding our exposure to modern slavery risks. The evaluation encompassed key modern slavery risk indicators, such as the nature of goods and services provided, industries with high-risk profiles, and geographical vulnerabilities.

Kal Tire recognizes that the prospect of modern slavery risks may be inherent in our supply chain due to the geographical locations of certain suppliers and the origin of materials utilized in products supplied to Kal Tire. We determined that natural rubber has been pinpointed as a product linked to specific modern slavery risks during production. Kal Tire acknowledges that, in instances where visibility is currently lacking, additional modern slavery risks may be present in the secondary levels of the supplier chain and the materials utilized in the goods and services directly supplied to end-retailers of rubber products, including tires.

As mentioned above, Kal Tire engaged key suppliers regarding their commitment to identifying and mitigating modern slavery risks in their operations and supply chains by distributing a written questionnaire.

Kal Tire will continue to analyze the supply chain tendencies based on the information provided by suppliers to further identify potential points of vulnerability and exposure to modern slavery risks.

This section is to address the mandatory criteria set out in Section 11 (3) (d): any measures taken to remediate any forced labour or child labour.

We have not identified any use of forced and child labour in our supply chains. If modern slavery practices are suspected, Kal Tire will conduct a thorough investigation and take remedial measures where necessary.

We encourage all team members, customers and suppliers to report any suspicion of slavery or human trafficking without fear of retaliation.

Kal Tire's Code of Conduct sets out the process of reporting non-compliance. Any violations must be reported to the nearest supervisor, or if there is a reason to believe that this will be ineffective, to the next appropriate senior manager or the Kal Tire EthicsPoint portal. All complaints will be taken seriously and investigated where appropriate.

Kal Tire will take disciplinary action, up to and including termination, against any employee found to be involved in breaking the law in relation to child labour, forced labour, slavery and human trafficking.

Kal Tire has a focus on further developing the systems currently in place for ensuring ethical behaviour.

This section is to address the mandatory criteria set out in Section 11 (3) (e): any measures taken to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in its activities and supply chains.

We have not identified any loss of income to the most vulnerable families that result from measures taken to eliminate the use of forced labour or child labour in our activities or supply chains. If measures taken to eliminate modern slavery affect such vulnerable families, Kal Tire will take remediation measures as appropriate.

This section is to address the mandatory criteria set out in Section 11 (3) (f): the training provided to employees on forced labour and child labour.

In the most recent fiscal year, we developed an internal e-learning module titled “Combating Forced and Child Labour in Supply Chains”. This training is designed to provide a comprehensive understanding of the issue, including what constitutes forced and child labour, how prevalent it is globally, the various forms it can take, and contributing factors. The module also outlines the legal and ethical measures required to ensure compliance, details the actions Kal Tire has already taken, and explains the processes we have in place to prevent forced and child labour in our operations and supply chains.

In addition to foundational knowledge, the training educates team members on the reporting pathways for non-compliance, our due diligence processes, and our supplier engagement strategy as part of a shared commitment to combat forced and child labour. A key feature of the training is a detailed section on the key indicators that may signal the presence of forced or child labour, equipping our team with the tools to recognize and respond appropriately.

Completion of the module is contingent upon passing a knowledge assessment to ensure participants have a strong grasp of the subject matter. The training is available to all Kal Tire team members and is mandatory for those in the Supply Department, including individuals directly involved in procurement, and members of our Mining Tire Group leadership.

This section is to address the mandatory criteria set out in Section 11 (3) (g): how the entity assesses its effectiveness in ensuring that forced labour and child labour are not being used in its business and supply chains.

Kal Tire conducts periodic visits to suppliers’ facilities on an ongoing basis to validate production quality and ensure supplier compliance with various regulatory, industry, and contractual requirements.

All suppliers that have provided certification regarding forced and child labour may be subject to a compliance verification process at any time.

Kal Tire monitors the progress of our actions concerning modern slavery risks in our supply

chain through engagement with our suppliers, tracking the number and timeliness of responses to our inquiries, and gathering feedback on our Supplier Certification.

We remain committed to regularly assessing the effectiveness of our efforts to combat forced and child labour and the actions taken to mitigate the risk of modern slavery in our operations and supply chain.

Attestation and Signature

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.

Full name: Christopher Cole Pardell

Title: Senior Vice President, Business Services

Date: May 28, 2025

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Chris Pardell
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I have the authority to bind Kal Tire