

**2023 Report under the  
Fighting Against Forced Labour and Child Labour  
In Supply Chains Act**

For the Year Ended December 31, 2023

## INTRODUCTION

This is the Modern Slavery Report issued by ARC Falcon Intermediate Inc., US ID 87-2062206, (“Arclin”, the “Company” or “we”) for the activities during the year ended December 31, 2023, under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act and to Amend the Customs Tariff (“the Act”)*, published by the Ministry of Public Safety Canada.

This report is considered a joint report and includes the Company’s own actions and those of our subsidiaries or the entities we control. The information provided in this report generally applies to all reporting entities we control. Arclin includes the following wholly owned subsidiaries (the “Arclin Reporting Entities”):

- Arclin Canada Holdings Ltd., Business Number 870209731
- Coveright Surfaces Canada Inc., Business Number 100835917
- Arclin USA LLC, Business Number 890233950
- Arclin Surfaces LLC, US ID 90-0598778
- Arclin Surfaces – East Longmeadow Co., US ID 51-0363021

## STRUCTURE AND ACTIVITIES

Arclin is a manufacturer of high-performance polymer products for a broad range of applications, including wood-based panels, engineered wood, mineral and glass fiber tissue and paper impregnation. All of the entities listed in this report operate under the same set of procedures.

Arclin Canada Holdings Ltd manufactures polymers at its location in Quebec, which are either used internally or sold to customers in Canada and the United States.

Coveright Surfaces Canada Inc. impregnates paper with polymers, which are then sold to customers in Canada and the United States.

Arclin USA LLC manufactures polymers at a number of US locations, which are either used internally or sold to customers in Canada and the United States.

Arclin Surfaces LLC impregnates paper with polymers at a number of US locations, which are then sold to customers in Canada and the United States.

Arclin Surfaces – East Longmeadow Co. impregnates paper with polymers at a number of US locations, which are then sold to customers in Canada and the United States.

## OUR COMMITMENT

Arclin has a zero-tolerance policy in relation to any form of modern slavery. We prohibit our people from engaging in, suggesting, allowing or ignoring modern slavery, including forced labour, child labour, sexual exploitation or abuse and human trafficking, in the conduct of our business. This commitment is communicated through Arclin's existing Code of Conduct and our Human Rights and Anti-Slavery Policy (to be implemented in spring 2024).

Arclin welcomes constructive engagement with all stakeholders, including suppliers, governmental authorities and clients, to increase the effectiveness of its modern slavery risk mitigation practices. Arclin will continue to adapt to maintain the highest standards of ethics and integrity in its business and relationships.

Arclin is committed to ensuring that its employees, customers, communities, and the environment are treated with dignity and respect. Arclin is committed to maintaining the highest ethical standards of business conduct and compliance with all applicable law. Arclin expects its commitment to ethical business practices to be joined by all of its suppliers and sub-suppliers, its team, community, and other partners. Arclin requires that those companies who are approved as partners follow the same philosophy.

Our most important assets are our employees, customers, shareholders, value-chain partners, suppliers and the communities in which we operate. Our Code of Conduct and our Human Rights and Anti-Slavery Policy help us fulfill our ethical responsibilities by:

- Committing to our uncompromising integrity in every aspect of our business;
- Describing our values and principles of business conduct, including our own high standards and fundamental respect for the rule of law, including human rights;
- Guiding employees on how to engage in integrity-based decision-making in all of our operations around the world; and
- Outlining our approach to interacting the right way with stakeholders and acting in the best interest of shareholders.

Our Code of Conduct and our Human Rights and Anti-Slavery Policy also outline our commitment to compliance with all applicable employment and human rights laws in any jurisdiction where we do business.

## ARCLIN'S SUPPLIER CODE OF CONDUCT

Arclin is committed to responsible sourcing. In January 2023, Arclin issued our Supplier Code of Conduct, which was established to communicate our requirements for suppliers of goods and contractors performing services for, or on behalf of, Arclin. It includes

requirements related to human rights and labour in our supply chains, including prohibitions on illegal, forced, compulsory, child labour and human trafficking, and requirements regarding health and safety, working conditions, wages, hours of work and others.

Commitment by our suppliers to the principles of the Supplier Code of Conduct is an important part of our decision-making process and we require our suppliers and their employees and subcontractors to conduct their operations pursuant to the contract in accordance with our Supplier Code of Conduct.

## **DUE DILIGENCE**

While recognizing limitations in fully investigating all supplier activities, Arclin actively seeks ways to mitigate the risk of forced labour or child labour practices in our supply chains. Arclin is committed to complying with the measures and the intent of the Act, in order to prevent and reduce the risk that forced labour or child labour be used at any step in the procurement of goods or those imported into Canada.

We have implemented the following elements of due diligence in relation to forced labour or child labour into our processes:

- Embedding responsible business conduct into policies and management systems; and
- Identifying and assessing adverse impacts in operations, supply chains, and business relationships.

Despite evaluating forced labour or child labour in our supply chains as low risk, prevention measures are in place. Included in those measures are the responsible and ethical business practices outlined in our Code of Conduct, Human Rights and Anti-Slavery Policy and Supplier Code of Conduct, which incorporate a comprehensive review of our suppliers. As part of this commitment towards preventing the exploitation of vulnerable individuals in the global supply chain, employees must become familiar with and adhere to the Act and Arclin's associated policies and practices, and immediately report any concerns.

## **RISKS OF MODERN SLAVERY IN OUR OPERATIONS AND SUPPLY CHAINS**

### **Our Operations**

Arclin does not consider any of its wholly owned operations in Canada to carry a significant risk of Modern Slavery given our workforce and human resources policies and procedures. The employees within our reportable operating segments work in Canada and the United States, which have a low prevalence of Modern Slavery, a low risk of vulnerability to Modern Slavery and a reasonably robust government response to Modern Slavery.

We also have a number of internal controls designed to safeguard the rights of our employees. These include our internal policies and practices, including our recruitment, employee engagement and remuneration practices, our speak-up and investigations processes, our grievance resolution processes (applicable at our unionized locations), and our commitment to respecting and observing all human rights, in accordance with applicable law and the principles set forth in applicable international standards.

### **Our Supply Chains**

We understand that certain manufacturing regions and materials carry higher risk of Modern Slavery by virtue of the prevalence of Modern Slavery in particular countries. There are also risks linked to certain industries even in countries considered to have lower risks of Modern Slavery. We are confident that the policies that we have in place and will continue to put into place will ensure that we do not have issues with forced labour and child labour with our supplier and supply chain.

### **REMEDIATION OF FORCED AND CHILD LABOUR AND LOSS OF INCOME**

Based on our assessment of our activities and supply chain, as described above, in 2023, there were no measures taken to remediate the loss of income to the most vulnerable families given that there was no Modern Slavery identified in our operations or supply chain. We believe this is indicative of the effectiveness of our initiatives in safeguarding against such risks and the processes in place to monitor suppliers operating in countries where the risk of forced labour or child labour is higher.

### **TRAINING**

Arclin trains all employees annually on their responsibilities under our Code of Conduct through mandatory refresher training. Starting in 2024, the material will include a specific component regarding our Human Rights and Anti-Slavery Policy.

### **EFFECTIVENESS ASSESSMENT**

The due diligence processes described above provide a method of managing the risks, however, we will continue to look at ways to enhance our capability to identify any risks within our supply chains and our capability to investigate and address any concerns.

These include:

- Adding a and Human Rights and Anti-Slavery Policy which will be rolled out to all employees in 2024;
- Suppliers confirming to and conforming with our Supplier Code of Conduct;
- Conducted forced labour or child labour training relating to the Act internally, and rolling out relevant training to all employees in 2024; and
- Regular review of our policies and procedures related to forced labour or child labour practices.

Arclin will continue to review our approach and continuously improve our processes to respond to the risks of forced labour or child labour in our supply chains. The Company has not received any complaints of any modern slavery issues or notifications from its suppliers of identification of modern slavery practices.

#### **BOARD OF DIRECTORS APPROVAL AND ATTESTATION**

This Report was approved by the Board of Directors of ARC Falcon Intermediate Inc. on behalf of itself and each of the ARC Falcon Intermediate Inc. reporting entities.

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.



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I have the authority to bind ARC Falcon Intermediate Inc. and the Arclin Reporting Entities.

Christopher Adams  
SVP, General Counsel and Corporate Secretary  
May 29, 2024