

## **Bill S-211 Report on Forced Labour in Canadian Supply Chains**

This is a joint report for the following two (2) entities:

- AkzoNobel Coatings Ltd., Business Number: 100103993
- Akzo Nobel Wood Coatings Ltd., Business Number: 100938737

This report is for the financial reporting year 2024 and is not a revised version.

These entities are not subject to reporting requirements under supply chain legislation in another jurisdiction.

The following categorizations applies to these entities:

- Canadian business presence
  - Has a place of business in Canada
  - Does business in Canada
  - Has assets in Canada
- Meets size-related thresholds
  - Has generated at least \$40 million in revenue for at least one of its two most recent financial years

These entities operate in the following sectors:

- Manufacturing
- Wholesale trade

Headquartered is located in:

- Amsterdam, Netherlands

## Annual Report

The following steps have been taken in the previous financial year to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods in Canada or elsewhere by the entity or of goods imported into Canada by the entity:

- Mapping activities
- Mapping supply chains
- Conducting an internal assessment of risks of forced labour and/or child labour in the organization's activities and supply chains
- Contracting an external assessment of risks of forced labour and/or child labour in the organization's activities and supply chains
- Developing and implementing an action plan for addressing forced labour and/or child labour
- Gathering information on worker recruitment and maintaining internal controls to ensure that all workers are recruited voluntarily
- Addressing practices in the organization's activities and supply chains that increase the risk of forced labour and/or child labour
- Developing and implementing due diligence policies and processes for identifying, addressing, and prohibiting the use of forced labour and/or child labour in the organization's activities and supply chains
- Carrying out a prioritization exercise to focus due diligence efforts on the most severe risks of forced and child labour
- Requiring suppliers to have in place policies and procedures for identifying and prohibiting the use of forced labour and/or child labour in their activities and supply chains
- Developing and implementing child protection policies and processes
- Developing and implementing anti-forced labour and/or -child labour contractual clauses
- Developing and implementing anti-forced labour and/or -child labour standards, codes of conduct and/or compliance checklists
- Auditing suppliers
- Monitoring suppliers
- Developing and implementing grievance mechanisms
- Developing and implementing training and awareness materials on forced labour and/or child labour
- Developing and implementing procedures to track performance in addressing forced labour and/or child labour
- Engaging with supply chain partners on the issue of addressing forced labour and/or child labour
- Engaging with civil society groups, experts, and other stakeholders on the issue of addressing forced labour and/or child labour

The following additional steps have been also taken to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods in Canada or elsewhere by the entity or of goods imported into Canada by the entity:

- We work with our suppliers to create value and improve sustainability. Our dedicated programs engage suppliers on various sustainability subjects. All direct suppliers with spend over €1,000 annually must sign our Business Partner Code of Conduct. Those with a spend >€250,000 undergo an annual risk analysis. High-risk suppliers are selected for the Together for Sustainability (TfS) Assessment and Audit program. In 2023, 1,347 suppliers, covering 83% of our global spend, were in scope. They are assessed via EcoVadis assessments. Suppliers must score 45 overall and 50 in labor and human rights. Non-compliant suppliers are "under development" and monitored. Additionally, we conducted 22 TfS site audits in 2023.
- Via the TfS academy, we provide sustainability training to suppliers. To address modern slavery (including child labor), we focus on direct and indirect suppliers, using our Sustainability Supplier Framework for direct suppliers. Regarding our indirect suppliers, we also research and prioritize high-risk supply chains like calcium carbonate, cobalt, copper, fluorspar, mica, talcum, and tin. In 2023, 356 surveys on these minerals had an 80% response rate. Of 115 suppliers using tin and/or cobalt, 79% disclosed their smelters, with 86% being conformant.
- As a Responsible Mica Initiative founding member, we aim for 100% processor compliance, fair income, and eradicating child labor in India by 2030.
- For more information: please read [our 2023 annual report](#).

The entities are both corporations and activities are:

- Producing goods (including manufacturing, extracting, growing and processing)
  - in Canada
  - outside Canada
- Selling goods
  - in Canada
- Distributing goods
  - in Canada
  - outside Canada
- Importing into Canada goods produced outside Canada

Additional information on the entity's structure, activities and supply chains:

AkzoNobel's Canadian legal entities are part of the group of the Dutch multinational Akzo Nobel N.V. Everything mentioned in this report regarding managing our (human rights) risks in our supply chains are part of a centralized approach (covering all of our supplier database). This gives the advantage of a holistic approach and enables us to exercise our global leverage to improve our supply chains in terms of sustainability.

The entities currently have the following policies and due diligence processes in place related to forced labour and/or child labour:

- Embedding responsible business conduct into policies and management systems
- Identifying and assessing adverse impacts in operations, supply chains and business relationships
- Ceasing, preventing or mitigating adverse impacts
- Tracking implementation and results
- Communicating how impacts are addressed
- Providing for or cooperating in remediation when appropriate

In addition to the information provided above, the entities have the following policies and due diligence processes in relation to forced labour and child labour:

- With regard to addressing potential modern slavery (at AkzoNobel, we have defined “Modern Slavery” to include child labor, debt bondage, forced labor, human trafficking, servitude, slavery, and slavery-like practices) in our supply chain, we’re focusing on both our direct and indirect suppliers. For our direct suppliers, we identify our high-risk suppliers in our Sustainability Supplier Framework and assess and audit them (as mentioned before). For indirect suppliers, the TfS program already addresses sustainable procurement activities at our suppliers (our Tier 2 suppliers). We are also looking further in the supply chain due to modern slavery risks – we’ve conducted in-depth research into our raw materials portfolio and prioritized high-risk supply chains, based on publicly available information by NGOs and government agencies. This resulted in a focus on calcium carbonate, cobalt, copper, fluorspar, mica minerals, talcum and tin supply chains. In 2023, we sent out 356 surveys on the minerals to which 80% responded (2022: 85%). The reason for the slightly lower response rate, compared with 2022, is that we increased new suppliers in the surveys by about 20%.
- We participated in the TfS program “Jointly addressing child labor, forced labor and human trafficking” by requesting suppliers with room for improvement in that area (as per their EcoVadis scorecard) to utilize the human rights training courses on the TfS academy.
- For more information: please read [our 2023 annual report](#).

The entities have identified forced labour or child labour risks related to the following aspects of its activities and supply chains, and to the best of our knowledge and will continue to strive to identify emerging risks:

- The types of products it sources
- The raw materials or commodities used in its supply chains
- Tier two suppliers
- Tier three suppliers
- Suppliers further down the supply chain than tier three
- The use of migrant labour
- The use of forced labour
- The use of child labour

The entities have identified forced labour or child labour risks in its activities and supply chains related to mining, quarrying, and oil and gas extraction sectors.

In addition to the information provided above the on the parts of the entity's activities and supply chains that carry a risk of forced labour or child labour being used, the following steps have been taken to assess and manage that risk:

- Of the 115 suppliers who confirmed using tin and/or cobalt necessary for the functionality of the product, 79% disclosed their smelters. In total, 86% of these smelters were either listed as active or conformant smelters in the Responsible Minerals Assurance Process.
- For mica, there are currently no conformant mica processors listed on the Responsible Mineral Initiative platform. However, through our RMI membership, we – together with many stakeholders and peer companies – commit to:
  - Having 100% of processors compliant with the RMI Global Workplace standard
  - Establishing a fair and responsible mica supply chain (including fair living income) in the Indian states of Jharkhand and Bihar
  - Eliminating unacceptable working conditions and eradicating child labor in India's mica supply chains by 2030
- For all other minerals subjected to the survey (calcium carbonate, copper, fluorspar and talcum), some suppliers confirmed that these materials are sourced from known risk countries associated with forced or child labor. We'll take action on these in 2024, such as asking our suppliers about the controls they have in place. If no controls exist, we'll request that these controls be put in place (e.g. by means of social audits or visits).
- Additionally, we're a founding member of the Responsible Mica Initiative (RMI), whose mission it is to establish a fair, responsible, and sustainable mica supply chain in India, that's free of child labor by 2030. Via this initiative, much engagement takes place with workers in the supply chain, for example through the Supply Chain Mapping and Workplace Standards program and the Community Empowerment program.

The entities have not identified any forced labour or child labour in our activities and supply chains.

The entities have not taken any measures 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, as it is not applicable.

The entities currently provide mandatory training on forced labour and/or child labour to employees making contracting or purchasing decisions. As part of our approach to managing our relationship with suppliers, we provide various sustainability trainings to our buyers. These trainings are available via our learning academy "Success Factors". We also offer live webinars.


For 2023, our buyers' training focused on upcoming legislation requirements, particularly human rights due diligence. A total of 74 buyers attended these webinars.

The entities do not currently have policies and procedures in place to assess its effectiveness in ensuring that forced labour and child labour are not being used in its activities and supply chains, as it is not applicable.

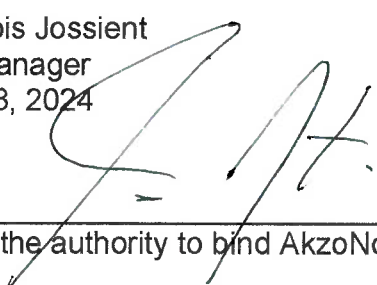
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In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable 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: Fred Daoust  
Title: Regional Sales Leader, Canada VR  
Date: May 28, 2024

Signature:   
I have the authority to bind AkzoNobel Coatings

Full name: Francois Jossient  
Title: Site Manager  
Date: May 28, 2024

Signature:   
I have the authority to bind AkzoNobel Coatings