

## **Balcan Innovations Inc. Annual Report Regarding Bill S211 Fighting Against Forced Labour and Child Labour in Supply Chains Act for the 2023 Fiscal Year**

### **About Balcan Innovations Inc.**

Balcan Innovations Inc. (“Balcan”) together with its partners, stakeholders, and subsidiaries is a leading producer of custom film and flexible packaging, selling B2B in Canada and the USA. With over 50 years of experience. Balcan serves customers across a broad range of industries throughout North America. Balcan aims to help customers succeed by fulfilling their film needs with customized solutions, superior quality, and technical support. Balcan’s employees are located in Canada and the USA.

### **Our Mission**

To be a North American leader in films and flexible packaging.

### **Our Values**

We are committed to the following pillars that support our mission, and at Balcan we take ACTION

A – Accountability for excellence

C – Customer focus

T – Transparency and collaboration

I – Integrity & Ethics

O – Occupational health & safety

N – Nurture respect towards people and environment

Balcan strives to do business with suppliers we are committed to ethical labour, health and safety, safeguarding the environment and social principals.

### **About this Report**

Balcan’s initial report details the steps taken during the fiscal year of January 1, 2023 to December 31, 2023, to prevent and reduce the risks of forced or child labour in our supply chains. This report has been prepared in accordance with the requirements of the Fighting Against Forced Labor and Child Labour in Supply Chains Act SC 2023, c9 (the “Act”), and covers Balcan and its wholly owned operating subsidiaries, namely, Balcan USA Inc. and Reflectix, Inc.

Balcan does business with about 400+ direct suppliers of raw materials and service providers. Approximately 96% of our supply chain spending is in Canada and the USA. The majority of our spend is on resin, additives, inks and solvents suppliers which is required to produce our films,

### **Policies and Due Diligence Processes**

Balcan has a Code of Ethics and Conduct that amongst other things, aims at ensuring that we abide by ethical business standards. Balcan also has an Anti-Discrimination and Anti- Harassment Policy, a Health and Safety Policy and Drug and Alcohol Abuse Policy. Our employees are required on an annual basis to confirm that they have read and understand, and will comply with their contents.

Balcan has adopted an open-door policy to establish a work environment where employees can feel free to share ideas, ask questions and share concerns. Each employee has the responsibility to promptly report any violation or potential violation of this Ethics Guide to a supervisor, local management team member or Human Resources representative. In addition, the Company maintains an independent and confidential global Ethics Hotline for employees to call or access through the Internet in order to report a breach or suspected breach of the Code of Ethics or any violation of a law, including those related to forced and child labour.

Balcan prohibits retaliatory action against employees who report or inquire in good faith about ethical issues or concerns.

To uphold our commitment to human rights and fighting against forced and child labour across supply chains, we took the following pro-active steps to manage risks in our supply chain:

We Implemented a [Supplier Code of Conduct](#). We reviewed our procurement process to ensure that suppliers understand and abide by Balcan's Supplier Code of Conduct. We have asked suppliers to acknowledge that they confirm no forced or child labour is used in their production of goods and services and we requested that they identify and notify Balcan of any suspected or actual instances of forced or child labour within their own supply chains.

We are focused on raising awareness across the Balcan enterprise and within our supplier community of our approach to identifying and managing the eradication of forced or child labour. Balcan will continue to examine ways to improve its assessment and management of risks through awareness, training, best practices or other assistance to our employees and suppliers.

### **Risk Assessment**

Balcan has conducted a self-audit of our suppliers to identify those supplies that carry the risk of using forces or child labour.

Given that 95% of our suppliers and service providers are located in Canada the USA, and/or Western Europe which are deemed to be low risk countries, with lower prevalence of forced or child labour, according to Walk Free Global Slavery Index findings (an international human rights group

focused on the eradication of modern slavery in all forms) we believe that the risk of forced or child labour in our supply chain is low.

To date, Balcan has not identified nor is aware of any suspected or actual instances of forced or child labour in our supply chains. As such no remediation actions were taken. Should any instances arise, we will promptly investigate and take appropriate action as required. We are committed to continual review of our policies and processes in relation to Bill S-211 and to engaging with suppliers and industry peers to ensure best practices in preventing forced and child labour.

Given that Bill S-211 is a new Act, we have started to raise awareness in respect to the Act within Balcan and with our suppliers, we have introduced pro-active steps to manage risks in our supply chain, are developing and maturing our assessment and internal accountability processes, and expanding training as part of our initiatives and actions planned for 2024.

We are committed to collaborating with our suppliers, peer agencies and others in the sustainable procurement practice in our efforts to reduce or eliminate risks of forced and child labour in our supply chains. 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 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.

By order of the Board of Directors of Balcan Innovations Inc.

I have the authority to bind Balcan Innovations Inc.



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Ron Cauchi, CEO

May 31, 2024