

Fighting Against Forced Labour and Child Labour in Supply Chains Act Report
for Birla Carbon Canada Ltd.

Legislation: *Fighting Against Forced Labour and Child Labour in Supply Chains Act*
Reporting Year: 1
Period: April 1, 2023 – March 31, 2024
Accountable Signing Authority: Vice President, Director

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Company Overview

In accordance with the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, SC 2023, c 9 (the “Canadian Act”), this statement outlines the measures implemented by Birla Carbon Canada Ltd. (hereinafter, “BC Canada”) to address the risks of modern slavery, including but not limited to forced and child labour¹ within our operations and supply chain.

BC Canada, formerly known as Columbian Chemicals Canada Ltd., is a limited company organized under the laws of Alberta, Canada, registered to do business in Ontario, Canada and owns the Canadian carbon black manufacturing facility located in Hamilton, Ontario. BC Canada is part of an organization of affiliated companies headquartered in Marietta, Georgia, collectively doing business as “Birla Carbon.” Birla Carbon comprises one of the world’s largest producers and suppliers of carbon black, with 16 manufacturing sites located in 11 countries across the globe, including Canada (1), as well as Brazil (2), China (2), Egypt (1), Hungary (1) India (3), Italy (1), Spain (1), South Korea (1), Thailand (1), and the United States (2). Carbon black refers to engineered carbon nanoparticles that are fused together to form unique 3-dimensional aggregates that comprise a fine black powder. Carbon black is produced by partial burning and pyrolysis of oil residues or natural gas at high temperatures under controlled process conditions. It is used, among other things, to provide UV protection and durability for rubber goods and is used in the manufacture of tires to increase treadwear for much longer life. Without carbon black, tires would only last approximately 10,000 miles before wearing out, resulting in additional expense and sustainability impact for the environment. Carbon black is also used as a pigment in inks, paints, coatings, and resins, and even to provide conductive and non-conductive properties in batteries and other energy systems and electronic applications. In essence, anything that is man-made and black (plastic, paint, fiber, rubber goods, etc.) contains a form of carbon black that has been designed to fit its unique needs.

At BC Canada, we actively uphold human rights and work to prevent any violation of others’ human rights through the policies and procedures we have established. In this regard, Birla Carbon adopted and published its consolidated Code of Global Business Ethics and Compliance Standards (the “Code of Conduct” or “Code”) in 2014, which codifies our commitment to (i) conducting our business ethically and in accordance with all applicable laws; (ii) adhering to standards of safety and care for the protection of our Employees, the public, and the environment; and (iii) promoting these policies through education, supervision, and regular reviews. We require all our employees to complete annual training on the Code and certify that each employee, has received, reviewed, and understands the Code and his or her obligation to report any violations thereof. Further, Birla Carbon maintains a robust Hotline program for reporting suspected violations of the Code or applicable laws. Moreover, we have implemented a robust enterprise due diligence program whereby we screen all our suppliers, contractors, consultants, and vendors for legal and ethical violations, and we have incorporated a provision into our standard Terms and Conditions of Purchase similarly requiring our approved suppliers to comply with such laws as well as to Birla Carbon’s policies, including those regarding safety, security, and ethical business practices.

Indeed, BC Canada is committed to establishing safe, inclusive, and respectful work environments wherever we conduct business. We value the fundamental rights of our employees and all who work within our supply chain, which encompass freedom from slavery and child labour, equal

¹ As these terms are defined pursuant to section 2 of the Canadian Act.

opportunities for all, a safe and healthy workplace, and freedom from discrimination and harassment. Birla Carbon's Code reflects this commitment and includes an express Prohibition of Forced Labor and Child Labor.

BC Canada continues to develop and expand our understanding of the risks associated with the complex issue of modern slavery and to identify areas within our operations and broader supply chain that may be impacted by such challenges. As reflected by the measures noted above, we collaborate across our business and supply chain to implement appropriate practices that mitigate and address potential risks.

Modern slavery is completely unacceptable within our organization and supply chains. BC Canada acknowledges our responsibility to uphold the rights of individuals working for our organization, as well as those associated with suppliers and business partners who prioritize human rights for their own employees. Recognizing that human rights issues require multifaceted approaches, we consider it crucial to continue to engage with all stakeholders to promote awareness and foster understanding.

Part I – Structure, Operations and Supply Chains

Our Structure

Birla Carbon Canada Ltd. is a private limited company amalgamated under the laws of the Province of Alberta with its registered office at: 4000, 421 - 7 Avenue S.W., Calgary, Alberta, T2P 4K9 and its principal place of business at: 755 Parkdale Avenue North, Hamilton, Ontario, L8H 7N5. BC Canada employs approximately 116 people at its Hamilton, ON manufacturing site, while Birla Carbon employs approximately 2,200 persons globally across its businesses. BC Canada's corporate file number is: 2016210276. The company's Federal Business Number is: 101058428 RC 0002.

BC Canada is an "entity" as defined in section 2(b) of the Canadian Act because it has a place of business in Canada (i.e., the principal place of business noted above), has at least \$20 million in assets in Canada and generated more than \$40 million in revenue in 2023. BC Canada is a "reporting entity" under the Canadian Act because it produces goods (i.e., carbon black) in Canada at its Hamilton, ON principal place of business. BC Canada does not have any subsidiaries.

Our Operations

BC Canada produces approximately 80,000 to 90,000 metric tonnes of carbon black annually comprising various grades primarily intended for use in tires, which it primarily sells to customers within Canada as well as some customers located outside Canada.

Carbon black feedstock, either petroleum oil or coal tar, is the main raw material used by Birla Carbon in the manufacture of carbon black. BC Canada procures most of its carbon black feedstock from domestic Canadian sources, but it does import some carbon black feedstock from the United States.

Our Supply Chains

As noted above, BC Canada sources its primary raw material, carbon black feedstock, from Canada and the United States. In addition, Birla Carbon sources other key materials and services primarily from Canada and the United States, but also imports some parts, equipment, and supplies, and materials such as bag filters and binders from suppliers located outside Canada including Brazil, Egypt, and India.

Part II – Policies and Due Diligence Processes

BC Canada has long had in place a robust set of policies, codes, and procedures addressing its obligations to treat our team members, clients, and suppliers with the highest possible level of dignity and respect, as well as our expectations that our contractors, vendors, and suppliers do the same. As noted above, these include Birla Carbon's Code of Global Business Ethics and Compliance Standards, which includes as a provision an express Prohibition of Forced Labor and Child Labor, as well as the company's global Hotline program.

In addition, BC Canada has implemented new policies, procedures, and due diligence measures specifically to address the complex problems of forced labour and child labour. These documents are Birla Carbon's Human Rights Policy; Sustainability Policy; and Security Policy.

Our policies and practices are guided by international and industry-leading standards, such as the United Nations Global Compact, and national and local laws, including workplace safety laws, human rights laws, and labour/employment standards laws.

We require all Suppliers with whom BC Canada contracts to sign Birla Carbon's standard Terms and Conditions of Purchase, which include a "Compliance" clause, ensuring fair and ethical workplace standards are established across our supply chain, prohibiting the use of forced labour, and requiring compliance with forced labour and modern slavery laws. BC Canada supports the goals of the Canadian Act and takes seriously our responsibility to act with due diligence to avoid infringing on the human rights of others and address any impact on human rights if they occur.

Birla Carbon's Code of Global Business Ethics and Compliance Standards

Birla Carbon's Code of Conduct sets out our values and responsibilities and reflects the company's commitment to: (i) conducting its business ethically and in accordance with all applicable laws; (ii) adhering to standards of safety and care for the protection of its Employees, the public, and the environment; and (iii) promoting these policies through education, supervision, and regular reviews. Our Code places special emphasis on the importance of fostering an environment of open and honest communication and encourages employees to speak up when confronted with compliance, ethics, legal or other concerns. Our Hotline program reinforces this culture of open communication, giving employees and other stakeholders the opportunity to anonymously report any such concerns. Our Code of Conduct also focuses on our commitment to protecting and advancing human dignity and human rights to guide our relationships with employees, contractors, vendors, suppliers and others through whom we conduct business, including by addressing human trafficking.

The Code of Conduct is managed by the Legal Department and is reviewed annually and updated as necessary. Each year, every Birla Carbon employee receives training on the Code and certifies that they have received, reviewed, and understands the Code and its provisions.

Supplier Code of Conduct and Contractual Obligations

BC Canada's supplier relationships are guided by our Code of Conduct and the Compliance clause of our standard Terms and Conditions of Purchase.

We require all Suppliers with whom BC Canada contracts to sign Birla Carbon's standard Terms and Conditions of Purchase, which include a "Compliance" clause, committing to abide by our Code of Conduct, ensuring fair and ethical workplace standards are established across our supply chain, prohibiting the use of forced labour, and requiring compliance with forced labour and modern slavery laws. Birla Carbon's standard Terms and Conditions of Purchase are managed by the company's Legal Department, reviewed at least annually and updated as necessary.

Birla Carbon has a Human Rights Policy, a Prohibition of Forced Labor and Child Labor, as well as policies ensuring equal opportunity, Freedom from Discrimination, Harassment, and Other

Abusive Situations, which guide our relationships with employees, contractors, vendors, suppliers and others through whom we conduct business. These Policies set out our prohibition on human trafficking and modern slavery and set out enforcement mechanisms BC Canada will take to enforce this prohibition, including investigations and audits.

Reporting Process

Birla Carbon has an ethics and compliance Hotline and associated online reporting resource, which is part of its whistleblower program. Allegations of any breaches of our policies or any non-compliant and unethical activities are taken seriously. The Hotline is also made available to suppliers, contractors, and consultants. The Hotline can be used confidentially online or by calling a toll-free number to submit a report. Retaliation against anyone, including employees, for speaking up in good faith is strictly prohibited as specified in our [policies and Code of Conduct.

In addition to measures currently in place, this year we intend to implement training specifically aimed at equipping our employees and contractors to recognizing, report, and prevent forced labour, child labour, and human trafficking.

Should we become aware that a supplier is in non-compliance with the Canadian Act, or uses, directly or indirectly, forced labour or child labour, we will notify the supplier of the breach and cease the working relationship until corrective action is put into place.

By implementing these formal policies, codes of conduct for colleagues and suppliers, and comprehensive compliance and monitoring standards, Birla Carbon puts into action its commitment to healthy, safe, and respectful working conditions throughout BC Canada's supply chain. Forced labour and child labour are anathema to Birla Carbon's core values, which is why we also have strong due diligence practices in place.

Our Due Diligence Processes

Birla Carbon has implemented a number of due diligence measures, to ensure layers of review. As described above, our standard Terms and Conditions of Purchase with suppliers include a clause requiring that our suppliers abide by our Code of Conduct and conduct due diligence relevant to forced labour and child labour, and specifying that breaches of same will be grounds to terminate the contract, with damages to us.

Moreover, we utilize the RiskRate enterprise due diligence application sponsored by NAVEX Global, Inc., which is a leading global provider of governance, risk, and compliance solutions, to conduct a due diligence screen of every supplier, contractor, consultant, and vendor with whom we do business, and we continue to monitor them throughout the course of our business relationships to ensure that they are conducting business ethically and in accordance with all applicable laws, including those aimed at preventing and eliminating human trafficking, forced labour, and child labour. When we become aware of credible reports of serious legal and compliance violations, we engage external legal counsel to conduct enhanced due diligence on suppliers to assess their legitimacy and the risk of ongoing violations, and where appropriate, suspend or terminate business with such suppliers where the evidence and risk of serious wrongdoing so warrants.

In addition, Birla Carbon utilizes EcoVadis to facilitate the sharing of sustainability best practices and to assess the sustainability profile of our key suppliers as part of our global Sustainable Procurement program. EcoVadis screening is a voluntary program in which suppliers share their scores for the four categories (Environment, Labor & Human Rights, Ethics and Sustainable Procurement). Birla Carbon's average supplier sustainability score is 52.4, significantly higher than the global average of 44.3 (from more than 100,000 companies worldwide).

Part III – Risks of Forced Labour and Child Labour in Operations and Supply Chains

Birla Carbon's potential exposures to indirect association of modern slavery practices come through our supply chain, as we rely on extensive use of contracting and subcontracting services.

We expect all suppliers, regardless of the cultural, social, and economic context, to meet expectations of fundamental rights for all people. This means treating their employees with fairness, respect and dignity, and following practices that protect health and safety for the people working for them.

Birla Carbon assesses minimal risk of forced labour or child labour in our supply chain. BC Canada is not aware of any forced labour or child labour in our supply chain. Both statements are subject to the limitations of Birla Carbon's risk identification activities as described in more detail above and below.

Part IV – Measures to Remedy Forced Labour and Child Labour

BC Canada is not aware of any incidents of forced labour or child labour in our activities or supply chain in our past financial year, subject to the limitations of our risk identification activities as described in more detail above and below. Accordingly, BC Canada has not had to take any remedial measures in response to incidents of forced labour or child labour.

Part V – Measures to Remediate the Loss of Income to those Impacted by the Elimination of Forced Labour and Child Labour

Birla Carbon has not as of the date of this report become aware of any loss of income to vulnerable families resulting from our measures to eliminate the use of forced labour and child labour in our activities and supply chains.

Part VI – Training Provided to Employees

As noted above, we require every one of our employees to complete training on Birla Carbon's Code of Global Business Ethics and Compliance Standards and certify that each has received, reviewed, and understands the Code and his or her obligation to report any violations thereof. The training program was developed by NAVEX Global Inc., our primary ethics and compliance partner. Initially launched in 2014 to coincide with the publication of our Code Ethics, we are in the process of updating the Code of Ethics course and this year intend to include a training

module specifically aimed at equipping our employees and contractors to recognizing, report, and prevent force labour, child labour, and human trafficking.

Part VII – Assessing Effectiveness of Actions against Forced Labour and Child Labour

BC Canada recognizes the need to implement effective measures to identify and mitigate the risk of forced and child labour within our operations and supply chains. In addition to the measures noted above, we are currently examining how best to conduct these assessments.

We will review annually our reporting document and update as necessary to ensure that it reflects the emerging consensus on best practices to address these complex issues. We will continue to continuously monitor all our suppliers utilizing the RiskRate enterprise due diligence program to ensure ongoing compliance and we will implement any improvements required to ensure that we are accurately obtaining and retaining information about and from our external and indirect suppliers.

Attestation

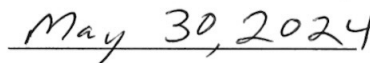
In accordance with the requirements of the Canadian Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

By signing the below, I hereby confirm I have the authority to bind Birla Carbon Canada Ltd.



Dale P. Clark

Vice President, Director



Date