



2023

**FORCED LABOUR
& CHILD LABOUR
REPORT**

cancarb



TOKAI CARBON GROUP

www.cancarb.com



INTRODUCTION

Cancarb Limited meets the criteria outlined by Public Safety Canada of a 'Reporting Entity' as it pertains to Bill S-211, An Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff ("The Act"). The following report, pertaining to the financial reporting year ending December 31, 2023, details information to meet the requirements of Bill S-211.

The report addresses the following seven sections outlining the requirements of The Act:

1. Structure, activities, and supply chain
2. Policies and due diligence processes
3. Forced labour and child labour risks
4. Remediation measures
5. Remediation of loss of income
6. Training
7. Assessing effectiveness

Cancarb has a mature management system in place, which has several policies and procedures developed and implemented demonstrating due diligence for prohibiting the use of forced labour and/or child labour within our organization's activities and supply chain.

Additionally, Cancarb implements mandatory training and awareness materials on forced labour and/or child labour to all employees throughout various procedures and policies that all employees must regularly review for completion.



CORPORATE STRUCTURE, BUSINESS ACTIVITIES & SUPPLY CHAIN

Cancarb Limited Structure

Corporation (BN: 10077 9305)

Cancarb Limited, hereafter referred to as “Cancarb”, is a wholly owned subsidiary of Tokai Carbon Co., Ltd. Tokai Carbon Co., Ltd. owns several additional subsidiaries that can be found listed at [Worldwide Locations | Tokai Carbon Co., Ltd.](#)

Cancarb does not control or own, in part or whole, any other legal entities.

Business Activities

1. Production, Marketing and Distribution of Thermax(R) Medium Thermal Carbon Black

From its beginning in 1973, Cancarb has become the leading manufacturer, marketer, and distributor of medium thermal carbon black. We satisfy customers around the world with a variety of grades for use in the rubber, wire and cable, metallurgical and other industries. The cornerstone of our success is the customer-focused, service-oriented culture evident throughout the company. Our growth from an initial capacity of 20,000 MT/year to 54,000 MT/year in 2021 is one measure of this success.

2. Generation and Marketing of Electricity

Cancarb entered a new business segment in 2000 with the completion of an electrical generating plant at its Medicine Hat facility. This plant uses waste heat from the thermal carbon black operation to generate electricity. The power is sold to the City of Medicine Hat and to merchant markets. The power plant contributes not only to the company's financial success, but also to environmental quality. It uses heat that would otherwise be vented to the environment to produce electricity that would otherwise be generated by burning natural gas. This results in conservation of a non-renewable resource and an overall reduction in heat and greenhouse gas emissions.

Using the waste heat from the carbon black production, steam is produced by a Heat Recovery Steam Generator (HRSG) which in turn flows through a steam turbine-generator to generate electricity for up to 25MW of power.

Cancarb employs between 80 to 90 employees at any given time. In addition, Cancarb utilizes a variety of services of sub-contractors to assist in maintenance and capital outlay related to our plant assets.

Cancarb is a member of the following bodies:

- International Carbon Black Association (ICBA)
- Canadian Manufacturer’s & Exporters (CME)
- Medicine Hat Chamber of Commerce
- Intertek – ISO certifying partner
- Energy Safety Canada – COR certifying partner
- Palliser Air Shed Society
- Business Council of Alberta

Supply Chain

Cancarb is certified to the ISO 9001:2015 standard, ISO 14001:2015 standard, and the Energy Safety Canada standard for safety management systems. As part of these certifications Cancarb has a mature vendor/supplier evaluation process in place, and related approved vendor/supplier list. See Table 1 in appendix.



POLICIES AND DUE DILIGENCE

Policies

Cancarb has the following policies, procedures, guidelines, checks, and balances in place to help identify and respond to real and potential adverse impacts of activities throughout the supply chain and for all stakeholders:

- Cancarb Code of Business Ethics (COBE)
- Cancarb Employment Equity and Non-discrimination policy
- Cancarb Progressive Discipline policy
- Cancarb Respectful Workplace policy
- Tokai Carbon Global Code of Conduct
- ClearView Connects anonymous ethics reporting hotline – reporting guideline
- Vendor/Supplier/Contractor review process
- Customs Trade Partnership Against Terrorism (CTPAT) certification
- Corporate Social Responsibility statement, signed by Cancarb's President
- Purchasing Order Terms & Conditions
- Distributorship Agreements
- Product Regulatory Policy – related conflict minerals as per Dodd-Frank Wall Street Reform and Consumer Protection Act, section 1502, Conflict Minerals
- Corporate Social Responsibility supplier questionnaires – includes questions related to child labour and labour standards.
- Corporate Risk Registry
- ISO 26000 Social responsibility guideline

Processes

Cancarb has a mature management system in place that demonstrates Due Diligence through implementation of processes that:

- Ensure open and transparent communication with stakeholders.
- Evaluate risks and controls.
- Drive continual improvement using a Plan Do Check Act cycle.
- Ensure we follow applicable laws and regulations including, but not limited to:
 - oThe Alberta Human Rights Act
 - oThe Alberta Workers Compensation Act and Regulation
 - oAlberta Employment Standards
 - oOccupational Health & Safety Act, Regulation, and Code
- Evaluate our vendors/suppliers and provide purchase order Terms & Conditions that directly speak to Human Rights expectations as follows:
 - o 13.4 *The Supplier hereby acknowledges that the Company applies acceptable social norms in its day-to-day operations and does not support nor accept human rights violations in its business operations. As a condition of entering into this P.O. with the Company and performing and/or supplying the Work, the Company expects the Supplier to take such actions as are necessary to prevent child and forced labour, or discrimination against individuals on grounds of race, gender, or religious belief within the Supplier's business operations.*
 - o 13.5 *The Supplier acknowledges that the Company takes seriously its obligations to prevent harm to the Company's employees and other personnel, members of the public and to the environment. As a condition of entering into this P.O. with the Company and performing and/or supplying the Work, the Company expects the Supplier to have in place and maintain management systems which prevent harm to individuals and the environment.*





RISKS & REMEDIATION

Risks

Not applicable. – Cancarb's existing actions and processes have not identified instances of forced and child labour risks within its supply chain at this time.

Cancarb administers a corporate social responsibility questionnaire on a regular basis and expectations in relation to forced and child labour are communicated through our supplier agreement Terms and Conditions. If risks are identified, the supplier will be removed from the approved vendors list and Cancarb will cease business operations with that supplier.

Remediation Measures

Not applicable. – Cancarb's existing actions and processes have not identified instances of forced and child labour within its supply chain at this time.

Remediation of Loss of Income

Not applicable - Cancarb's existing actions and processes have not identified instances of vulnerable families or related loss of income within its supply chain at this time.

Training

Cancarb has adopted a learning management system (LMS) that triggers regular review of several procedures. This training is mandatory and applies to all Cancarb employees.

- Code of Business Ethics (COBE) (prohibition of child/forced labour section 1.d)
- Employment Equity and Non-discrimination policy
- Progressive Discipline policy
- Respectful Workplace policy
- Tokai Carbon Global Code of Conduct (prohibition of child/forced labour sections 2.7 and 3)
- Tokai Carbon Global Policy of Human Rights (prohibition of child/forced labour section 3)
- Tokai Carbon Global Procurement Policy (prohibition of child/forced labour section 2)

Specialized training for administration staff and procurement specialists, relating to Corporate Social Responsibility, include:

- Labour and Human Rights reporting
- Supplier code of conduct development
- Introduction to sustainability and management systems
- Sustainable Procurement Reporting
- Supplier Code of Conduct & Contractor Clauses



Cancarb assesses the effectiveness of its processes, which include focus on Corporate Social Responsibility, Labour & Human Rights, Forced & Child Labour, and adherence to applicable laws through annual evaluations with our certifying partners:



Figure 2. EcoVadis Sustainability Rating



Figure 3. Energy Safety Canada Certificate of Recognition for Health and Safety

Report Approval and Attestation

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.

I have the authority to bind Cancarb Limited.

Peter Donnelly
President and CEO

Date: May 14, 2024



Table 1. *List of approved vendors/suppliers*

Country	Vendor/Supplier	What's supplied?
Canada	TransCanada Pipelines	Natural Gas feedstock
Canada	City of Medicine Hat	Natural Gas feedstock
Canada	Hood Packaging Corporation	Paper Bags
Canada	Cascade Containerboard Packaging	Cardboard
Canada/Mexico/India	Signode Canada ULC	Big bags
Canada	Roy's Woodshop Ltd	Wood Pallets
U.S.A.	Crayex Corporation	Stretch film
Poland	Conitex	Poly bags
Germany	Bischoff & Klein	Plastic bags
Canada	SDI Packaging	Cardboard
Canada	DCM	Ribbon/Labels
Canada	Spicers	Labels & Poly bags