



CHEMSPEC LTD. BILL S-211 REPORT

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Introduction

The following report has been drafted by Chemspec Ltd. in alignment with section 11 of Bill S-211 for the financial year ending December 31st, 2023. The entity covered by this report is Chemspec Ltd.

Chemspec Ltd. meets the definition of reporting entity under the act by doing business in Canada and having assets in Canada. Furthermore, Chemspec Ltd. satisfies two out of the three size-specified thresholds concerning revenue, assets, and workforce alongside meeting the criteria for importing and distributing goods.

At the core of our business is the steadfast commitment to honesty, integrity, and transparency within our business operations. In accordance with the provisions of Bill S-211, this report articulates our adopted systematic approach and measures implemented to proactively address potential risks pertaining to forced labour and child labour within our supply chain and / or operations.

Section A: Structure, Activities, and Supply Chains

Chemspec Ltd. operates as an American entity headquartered in Canton, Ohio and is owned by parent company Safic-Alcan SAS.

Chemspec Ltd. operates a distributor of specialty and commodity chemical additives and specialty polymers within the North American elastomer mixing industry alongside coatings, adhesive / sealant, inks, plastics, etc. Additionally, we also provide specialty ingredients for use in the cosmetic and personal care industry. Our supply chain is highlighted in detail in Section C.

Section B: Policies and Due Diligence Processes

At Chemspec Ltd., upholding moral integrity across our operations and supply chain is fundamentally significant to our business. We prioritize ethical business conduct and cultivate strong relationships with suppliers to pre-emptively mitigate risks such as the use of forced or child labour and other unethical practices within our operational and supply networks.

Considering Chemspec Ltd.'s dedication to upholding ethical business principles, we are determined to continuously improve our supply chain due diligence protocols to mitigate the risk of forced or child labour within our supply chain and operational activities. This effort is evident in our execution of the risk assessment process outlined in Section C of this report.

In accordance with our core tenet of ethical business practices, our parent company, Safic-Alcan, conforms to an existing third-party code of conduct which respects labour and human rights and expects this of all third parties to the company.

The following are some of the guidelines required of suppliers with respect to labour and human rights:

1. Guaranteeing compliance with applicable national laws and regulations of the country in which their workers are employed relating to wages, working hours, overtime, and benefits.
2. Respecting the rights of lawful association and recognizing the right to collective bargaining.
3. Protecting their fundamental freedoms by preventing involuntary or underage labour or use of any form of **child labour** or **other forced, bonded, or indentured labour**, including human trafficking and modern slavery.
4. Preventing and eliminating any form of difference in compensation, hiring, and employment by creating a workplace free of harassment or offensive behaviour.
5. Informing Safic-Alcan if any of the minerals integrated into the products supplied fall into the category known as "conflict minerals". If so, Third-Party are to provide the legally required information to ensure they meet international standards of minerals responsible sourcing. That is of the utmost

importance to prevent child labour, forced labour, and the financing of armed groups in politically unstable areas.

Protection of Health and Safety Guidelines for Third Parties:

1. Providing appropriate worker protections for their employees
2. Maintaining process safety programs to prevent or mitigate catastrophic events including but not limited to fire, accidents, and natural disasters.
3. Conducting risk assessment and implementing emergency preparedness plans and response procedures
4. Avoiding the use of hazardous substances. In the event no alternative is available, suppliers shall ensure their handling and disposal.

Looking forward, Chemspec Ltd. plans to implement more comprehensive and robust measures and enforce the code of conduct to ensure the elimination of forced and child labour within the supply chain and all operating activities. Beyond this, in the event of discovery of forced or child labour, we will effectively collaborate with our suppliers to proactively implement the appropriate remedial measures.

Section C - Forced Labour and Child Labour Risks

In the previous fiscal year, Chemspec Ltd. did not commence any risk identification procedures but has required supplier adherence to proactively communicating any potential risks of forced or child labour with the supply chain. Additionally, in the continuous interest of identifying potential forced or child labour risks within its supply chains, Chemspec Ltd. conducted a comprehensive risk assessment concerning modern slavery. This assessment leveraged insights from authoritative sources such as the Walk Free Global Slavery Index, the OECD Due Diligence Guidance for Responsible Business Conduct, and the US Department of Labour's List of Goods Produced by Child Labour or Forced Labour. Through this systematic approach, Chemspec Ltd. successfully isolated potential risks associated with specific countries in its supply chains.

The objective of this risk assessment initiative is not to assume the presence of forced or child labour within our operations or supply chains; rather, it seeks to identify potential scenarios where such risks could manifest, enabling Chemspec Ltd. to implement proactive remediation measures effectively. Recognizing the widespread risk of forced and child labour across various industries, the assessment acknowledges vulnerabilities inherent in specific sectors and geographies of our supply chain, particularly in regions where regulatory frameworks and enforcement mechanisms may be less stringent.

The analysis prioritized specific geographical areas identified by authoritative sources such as the Walk Free Global Slavery Index as exhibiting heightened risks of forced and child labour practices. This geographic risk assessment was augmented by an examination of product categories which are susceptible to the use of forced or child labour, thereby bolstering the precision of our risk analysis.

Risk Assessment Findings

Through the performed risk assessment, Chemspec has identified its suppliers in 20 countries (Green = Low risk of forced or child labour, Yellow = Medium risk of forced or child labour):

China	United Kingdom	Hong Kong	South Korea	Belgium
United States	Canada	Germany	Taiwan	Malaysia
Spain	France	Switzerland	Finland	India
Japan	Italy	Norway	Israel	Mexico

China, United States, Spain, Japan, United Kingdom, Canada, France, Italy, Hong Kong, Germany, Switzerland, Norway, South Korea, Taiwan, Finland, Israel, and Belgium all present a low risk in terms of prevalence of modern slavery, according to the Walk Free Global Slavery Index. Malaysia, India, and Mexico present a medium risk in terms of prevalence of modern slavery, according to the Walk Free Global Slavery Index.

Chemspec Ltd. also examined information sourced from the US Department of Labour’s List of Goods Produced by Child Labour or Forced Labour. This assessment is pivotal for isolating specific items within our imported goods that may be susceptible to forced or child labour. Upon cross referencing with this data, we discovered that the import of hair products from China & rubber gloves from Malaysia carry a heightened risk of forced or child labour. However, Chemspec Ltd. imports raw materials for hair products as opposed to finished goods, thus eliminating the primary risk.

In summary, our risk assessment outcomes suggest minimal exposure to forced and child labour risks within our supply chain relative to our overall expenditures. However, this does not diminish our commitment to acknowledging and identifying risks through our risk management protocols and policies. In response to any identified risks, Chemspec Ltd. will explore opportunities to allocate additional resources and efforts towards reinforcing the mitigation and management of forced and child labour risks.

Section D - Remediation Measures

In the previous fiscal year, our operations and supply channels have an absence of instances of forced or child labour, therefore, eliminating the need for any remedial actions during this period. Adhering to the United Nations Guiding Principles on Business and Human Rights, we emphasize the importance of instituting comprehensive remedial measures.

While there have been no reported instances of forced or child labour, our attentiveness remains relentless, and we are prepared to proactively address any potential occurrences. Recognizing the complexity of supply chain dynamics, we emphasize the importance of cultivating strong partnerships with reliable and ethically aligned suppliers to facilitate the execution of essential remedial actions, as necessary.

Section E - Remediation of Loss of Income

In the previous fiscal year, we identified no instances of forced or child labour within our supply chains or operations. Our risk assessment revealed a relatively low overall risk pertaining to forced or child labour within the supply chain. As a result, no specific initiatives have been implemented to address potential income loss among vulnerable communities.

Acknowledging the significance of prompt and effective responses, we are committed to taking immediate action should any such instances occur. In situations where our efforts to eliminate forced or child labour may impact the income or livelihood of vulnerable families, we will implement suitable remedial measures. Central to our approach is prioritizing engagement over withdrawal, showcasing our dedication to leveraging our influence for positive change.

Section F - Training

In the previous fiscal year, Chemspec Ltd. did not deliver any mandatory or optional training sessions to the workforce concerning the company's code of conduct, specifically addressing forced and child labour within the supply chain. Nonetheless, we are committed to the potential of implementing such training programs and maintaining our commitment to ethical standards.

Chemspec Ltd. is dedicated to building a supply chain and team of professionals who are collectively cautious and proactive in their efforts to combat the presence forced and child labour within business operations.

Section G - Assessing Effectiveness

Despite the previous absence of specific policies and procedures for evaluating the effectiveness of preventing forced or child labour in our operations and supply chains, our commitment remains resolute in adopting more stringent measures should instances arise or as industry benchmarks progress.

For the future, we are exploring the possibility of tracking key performance indicators (KPIs) to measure progress in this domain.

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.

5/30/2024

Aaron M Shafferf

Full Name

Signed by: Aaron Shaffer

5/30/2024

CFO

Title

Signed by: Aaron Shaffer

May 30, 2024

Date

Signed by: Aaron Shaffer

Signature*

* "I have the authority to bind 'ChemSpec Ltd.'"