



## MODERN SLAVERY REPORT FOR HERBERT MALARKEY ROOFING COMPANY

### 1. INTRODUCTION

This report is made on behalf of Herbert Malarkey Roofing Company ("**Malarkey**", or the "**Company**") and describes the actions taken by Malarkey during the financial year beginning January 1, 2023 and ending December 31, 2023 ("**Reporting Period**") to assess, prevent and reduce the risk that forced labour or child labour is used at any step in its operations and supply chains pursuant to the requirements of *Canada's Fighting Against Forced Labour and Child Labour in Supply Chains Act* ("**Act**"). In this report, Malarkey uses the term "**Forced Labour**" to encompass instances of both forced labour and child labour. This Report constitutes the first report prepared by Malarkey under the Act.

Malarkey is committed to respecting human rights and to preventing Forced Labour from occurring in any of its own operations or throughout its supply chains. Malarkey is also committed to continuously improving its systems and controls to better identify, assess and address risks of Forced Labour across its business and supply chains. During the Reporting Period, Malarkey further enhanced its procurement framework by refining its key procurement policies and procedures.

Malarkey's sustainable procurement and due diligence practices and methodologies are aligned with the United Nations' Guiding Principles on Business and Human Rights, the International Organization for Standardization's standard ISO 20400 - Sustainable Procurement Guidance, the Organization for Economic Cooperation and Development's Guidelines for Multinational Enterprises on Responsible Business Conduct.

### 2. MALARKEY STRUCTURE, ACTIVITIES, AND SUPPLY CHAINS

Malarkey is a member of the Holcim Group, a global leader in innovative and sustainable building solutions, headquartered in Switzerland and with net sales of CHF 27.0 billion in 2023. Malarkey is primarily focused on operations within the United States of America, with a smaller presence in Canada. The Holcim Group has an extensive global presence with over 63,000 employees located all over the world.

Malarkey is a leading provider of sustainable and innovative asphalt roofing solutions. With over five hundred employees and four sites across the United States, Malarkey provides sustainable and eco-friendly products to build the communities where Americans and Canadians live and work. Malarkey has a presence in western Canada, with sales into British Columbia, Alberta, Saskatchewan, and Ontario.

Malarkey's main activities are the manufacturing and sale of sustainable roofing materials, the research and development of durable, sustainable, and energy-efficient roofing materials. Malarkey's focus is to develop asphalt roofing using recycled raw materials and with environmentally friendly materials to contribute to a more sustainable economy. Malarkey's

purpose is to build progress for people and the planet. As a member of the Holcim Group, the Company has set rigorous science-based targets to meet the Holcim Group's goals of net-zero and circular construction. Malarkey is dedicated to decarbonizing building end-to-end.

Malarkey's core products include asphalt roofing products, underlayments, and roofing system accessories ("**Products**"). Malarkey also manufactures glass mat for use in its products, as well as potential intercompany sales. Malarkey's research and development is focused on developing new raw materials and production processes with lower carbon footprints and increased environmental benefits.

Malarkey operates a complex supply chain designed to support its production and distribution of its Products. Malarkey sources its materials and equipment from an extensive network of domestic and international suppliers and distributors, both externally and internally within the Holcim Group network.

### **3. POLICIES, DUE DILIGENCE PROCESSES, GRIEVANCE MECHANISM**

#### **Policies**

Malarkey is dedicated to integrating Forced Labour and the broader human rights considerations into its decision-making and business practices to ensure that any risks of violations are sufficiently mitigated and/or adequately remediated. This is done through implementation of a range of policies, procedures, and due diligence measures to identify, assess, and manage such risks.

In addition to the guidelines mentioned in the "Introduction" section of this Report, the principles governing sustainable procurement at Holcim Group and, therefore, Malarkey are also based on: (1) the United Nations' [Global Compact Ten Principles](#), and (2) the [International Labor Organizations' Declaration on Fundamental Principles and Rights at Work](#). More information on Holcim Group's sustainable procurement principles can be found on the [Sustainable Supply Chain](#) page of its website.

The key policies are described in further detail below.

#### **Procurement Policy**

The Holcim Group's global procurement policy defines our overarching guidelines and processes, which build the basis for the Holcim Group's country and regional procurement policies. It is a mandatory policy for all Holcim Group's procurement employees and for all employees outside the procurement function who are performing any procurement activity to abide by. It documents how the Holcim Group's procurement processes are to be conducted to ensure, among other things, that Holcim's suppliers are supportive of Holcim's values and principles. Subject employees are trained in these processes at the time of onboarding into a role that so requires (see further below in the "Training" section of this Report).

#### **"BuyWays" User's Guide**

The Holcim Groups procurement process is detailed in the "BuyWays" User's Guide ("**BuyWays Guide**"). The BuyWays Guide standardizes the Holcim Group's procurement policies and procedures across North America. The BuyWays Guide defines and explains procurement

procedures, including due diligence, evaluation, and monitoring. The document describes methodology for the supplier's qualification and performance evaluation processes as per minimum control standard, as well as outlines standards for implementing corrective actions and methods to monitor supplier's deficiencies. The BuyWays Guide requires that its compliance standards be formalized in all contracts and purchase orders with the suppliers through contractual terms and conditions.

### Code of Business Conduct for Suppliers

Adopted by Malarkey in 2022, as revised in 2021, the Holcim Group's Code of Business Conduct for Suppliers ("**Code of Conduct**") establishes the Holcim Group's commitment to sustainable procurement practices that meet high social, human rights, health, safety and security standards.

All Holcim suppliers are required to adhere to the standards described in the Code of Conduct and to apply the same principles in their supply chain. The Code of Conduct is communicated to all existing and potential suppliers of the Holcim Group, including the suppliers of Malarkey. The Code of Conduct establishes the Company's expectations of suppliers and the terms of engagement. All suppliers have to read the Code of Conduct and acknowledge it.

The Code of Conduct directly addresses Forced Labour risks and directs the suppliers not to use child labour or labour provided involuntarily under threat of penalty, including, but not limited to, forced overtime, human trafficking, slavery or servitude, debt bondage, forced prison labor in their supply chain. Where a supplier does not meet the requirements set out in the Code of Conduct, corrective improvement plans are to be established within a specified timeframe (depending on the severity of the issue) and the Company will monitor progress. If significant issues arise or suppliers repeatedly and knowingly violate the Code of Conduct and refuse to implement improvement plans, or where it is found that in the last three years there have been any findings of Forced Labour made against the supplier by any court, industrial or employment tribunal, or equivalent body, Malarkey may terminate the relationship with that supplier.

All Malarkey suppliers are required to demonstrate compliance to the standards described in the Code of Conduct by taking part in the supplier qualification process. This process varies in part depending on the potential risk profile of the supplier, but can include regular risk and performance evaluation in the form of third party due diligence, self-assessments, fact finding or audits.

### Due Diligence

Malarkey adheres to the Sustainable Procurement Management Standard ("**Standard**") developed by the Holcim Group. The Standard specifies how to identify and manage various supply chain risks and provides a structured approach for deploying responsible sourcing practices in the Holcim Group's supply chain. Under this Standard, Malarkey requires all contractors, including suppliers, to abide by the Code of Conduct when working with Malarkey. It is noteworthy that the Standard defines the scope of due diligence to be undertaken by a Holcim Group company with respect to supply chain risks, based on the risk level identified with respect to such company's region of operations. Malarkey operates in designated low risk countries.

For high-risk suppliers and certain material suppliers, being those whose work is potentially hazardous in nature, Malarkey undertakes a qualification process as set out by the Standard. Such process starts with a pre-qualification review, that is followed by periodic performance

evaluations and monitoring, conducted on an annual basis at minimum, during the entire duration of the business relationship with such high risk supplier.

The qualification process encompasses several distinct stages, including supplier prioritization, the supplier assessment, risk mitigation, and performance improvement. Each stage is designed to identify (and eliminate) suppliers that may carry an unacceptable risk within our supply chain operations.

### Supplier Assessment

Malarkey monitors supplier's compliance with the requirements of the Code of Conduct through self-assessment questionnaires, fact-finding, as well as field audits.

The self-assessment questionnaires are calibrated based on the risk threshold identified under the supplier prioritization stage of the analysis. The fact-finding process includes collection of evidence pertaining to supplier's compliance with the Code of Conduct, as well as documentation of any breaches. Field audits may be performed to confirm breaches and also for all new contractors providing services that have been classified as "high risk," as well as for suppliers of materials that are extracted from earth through mining in countries or regions that have been identified as "high risk."

Assessment of performance may also be passed on and can include gathering of information from internal systems and key internal users, meetings with the supplier, as well as evaluations of the supplier' activity.

### Risk Mitigation and Performance Improvement

In situations where Malarkey identifies any instances of non-compliance with the requirements of the Code of Conduct, improvement plans are implemented to support the supplier's development. Such improvement plans are developed and calibrated based on the nature of the breach, as well as the risk tolerance level set in accordance with the Holcim Group's methodology. Malarkey may terminate its relationship with the non-compliant suppliers that conduct "zero tolerance" breaches, refuse improvement, or violate applicable laws and regulations.

### Communication

Malarkey, as a member of the Holcim Group, adheres to publicly released policies and procedures that govern the due diligence program. More information on Malarkey's human rights assessment process and related publicly-made commitments and approach can be found on the <https://www.holcim.com/sustainability/people-communities/human-rights> page of Holcim's website.

### Grievance Mechanisms

Malarkey offers an independent channel for all employees, as well as external stakeholders, including the suppliers, to raise questions and concerns about Malarkey's business practices through its independent grievance platform, the Holcim Integrity Line. Malarkey respects the right of all employees and suppliers to speak up and raise grievances without fear of retaliation.

#### **4. RISK OF FORCED LABOUR BEING USED AND REMEDIATION MEASURES**

Malarkey is committed to assessing and addressing potential Forced Labour risks in its supply chain and to using appropriate measures to remediate any adverse effect identified. If any risk of Forced Labour is flagged through Malarkey's due diligence processes, the Company takes steps to investigate and mitigate such risks.

Within the Reporting Period, Malarkey has not identified any instances of Forced Labour in its activities and supply chains. Further, within the Reporting Period Malarkey has not identified any instances of loss of income of the vulnerable families as a result of the steps Malarkey has taken to eliminate risks of Forced Labour. For this reason, no remediation measures have been necessary.

#### **5. TRAINING**

Malarkey currently provides ongoing training to its procurement professionals on Holcim Group's procurement processes, which, as described above, cover Forced Labour issues. Although this ongoing training is not mandatory, it is available at all times to not only all procurement employees, but also other business professionals within the Company. Additionally, as noted above, such training is also given at the time of onboarding for applicable employees. Webinars are also provided to all procurement teams that include reviewing updates and changes to sustainable procurement requirements. For example, during the Reporting Period updates were made to include a general discussion of recent modern slavery matters.

#### **6. ASSESSING EFFECTIVENESS**

As part of Malarkey's governance processes, the Company monitors compliance with its policies on an ongoing basis. Malarkey also reviews questions and concerns raised through its independent grievance platform, the Holcim Integrity Line. To date no significant concerns or complaints have been identified with respect to Forced Labour.

#### **7. APPROVAL AND ATTESTATION**

This Report was approved pursuant to subparagraph 11(4)(a) of the Act by the Board of Directors of Malarkey.

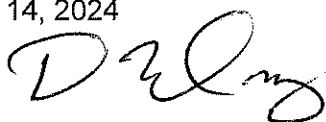
In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report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

Full name: G. Dale Rushing

Title: President

Date: June 14, 2024

Signature:



I have the authority to bind Herbert Malarkey Roofing Company.