

INTERATLAS CHEMICAL INC.

FORCED LABOUR & CHILD  
LABOUR REPORT - 2023

## 1. INTRODUCTION

This report is made in compliance with Canada's Fighting Against Forced Labour and Child Labour in Supply Chains Act by InterAtlas Chemical Inc., an Ontario corporation, the parent company of which is 1882818 Ontario Inc.

This report has been prepared for the fiscal year ended October 31, 2023.

Forced labour and child labour are significant human rights concerns that trouble supply chains globally. As a responsible corporate entity, InterAtlas Chemical Inc., a chemical distribution company with global vendors and clients, is committed to upholding ethical standards and preventing forced labour and child labour in its supply chains and operations, whether in Canada or elsewhere. Our materials are sourced from several countries and continents. Our policies and new vendor review process enforce these standards and we continue to improve on these policies as our business grows.

At InterAtlas, our goal is to provide our customers with long term security of supply for their critical raw materials, regardless of where the materials are produced. The company is run by a group of professionals with extensive experience in trading, logistics, finance, and risk management. We are committed to operating in a safe, ethical, inclusive, transparent, and socially and environmentally responsible manner. This includes respecting human rights.

As a result of our global supply chains, InterAtlas takes the necessary steps to enforce our standards and prevent forced labour and child labour from being present in our supply chains and business.

## 2. WHO WE ARE – VISION, MISSION, AND VALUES

InterAtlas is based in St. Catharines, Ontario, Canada and has been a trusted supplier of chemical intermediates and raw materials to chemical manufacturing companies for over 20 years. InterAtlas offers a short list of products to our diverse customer list for a wide variety of end uses, including but not limited to Paints & Coatings, Oil & Gas, Plastics, and Specialty Chemicals.

At InterAtlas, we are committed to continuous improvement in all aspects of business and personal life. We take the necessary steps to implement policies and procedures that align with local regulations and law. Our goal is to exceed expectations and prevent issues before they happen.

## 3. OUR SUPPLY CHAINS

To external eyes, our supply chains might look complex, however our success is built from simplifying supply chains for a short list of products and manufacturing facilities. Our approach to procurement is to find reliable and competitive manufacturers whose business mentality and culture align with our own. For each of our products, we purchase the majority of the volume from a single manufacturing facility, which allows the supply chain to be developed in a repeatable manner, typically utilizing the same responsible parties for each shipment once the supply chain is established. All shipments are tracked once the material leaves the manufacturing facility, and any

third parties that are used must meet a minimum security criteria, established by our procedures and supply chain security standards.

During the reporting period, we predominantly imported intermediate chemicals to Canada from South Korea, Turkey, The Netherlands and Spain, as well as few others in small quantities. Further information on trade volumes or proportions may be made available upon written request.

#### 4. RISKS OF FORCED LABOUR OR CHILD LABOUR IN OUR SUPPLY CHAIN

InterAtlas Chemical has policies and procedures to perform due diligence regarding our Suppliers, identifying and responding to real and potential adverse impacts of activities throughout the supply chain. The *Supplier Security Assessment Procedure, Threat Risk Assessment and Supply Chain Assessment, Supplier Assessment Questionnaire, Forced Labour Questionnaire, Social Responsibility Program, and Social Compliance Declaration* is a set of procedures and tools used by the company to:

- Identify and assess adverse impacts in operations, supply chains and business relationships
- Prevent or mitigate adverse impacts, or cease activity
- Track implementation and results
- Communicate how impacts are addressed
- Provide for, or cooperate in, remediation when appropriate

InterAtlas has updated its procedures and policies in 2023 to address forced labour and child labour in our supply chains. The procedures dictate that we must assess and document the amount of risk in our supply chains based on a list of potential threats, including forced labour. The Risk Assessment (RA) and Supply Chain Assessment (SCA) have a set of procedures and tools to classify such risks into four different levels according to the table below:

THREAT CLASSIFICATION	ASSESSMENT
No Risk = 1	No risk / No recent occurrence / No intelligence information
Low Risk = 2	Low risk / No recent occurrence / Some intelligence information
Medium Risk = 3	Medium risk / Recent occurrence / Intelligence information / But no direct risks
High Risk = 4	High risk / Recent occurrence / Intelligence information / Direct risk

The geographical location of InterAtlas' Suppliers is taken under analysis against governmental authorities reports, NGO's and UN reports for forced labour. Then, the products being targeted in such countries as being produced, manufactured, or mined by forced labour are considered. To obtain such information, InterAtlas accesses the following websites:

- <https://www.dol.gov/agencies/ilab/better-trade-tool>
- <https://www.dol.gov/agencies/ilab/reports/child-labour/list-of-goods>
- <https://www.cbp.gov/trade/forced-labour/withhold-release-orders-and-findings>

This process can also involve reviewing supplier contracts, collecting data from InterAtlas' *Social Responsibility Questionnaire*, and incorporating the use of trade data which can indicate higher risk products, producers, and countries. When performing the threat risk assessment, the above-mentioned websites are used as the main source of information. Other website which can provide reports about human rights violations, including forced labour, and others, is the UNO website:

- <https://www.unodc.org>

Once these websites and their search tools have being accessed, InterAtlas starts to collect the data in accordance with Suppliers' country/region, and products, while classifying the threats in accordance with the Threat Assessment table.

When classifying the *Forced Labour* threat factor according to the Threat Assessment table, the following rationale is applied:

- **No Risk (1)** is when neither location nor type of products were targeted by authorities as making use of the prohibited kinds of work and there is no information related to other factors that may lead to forced labour, according to the International Labour Organization (ILO).
- **Low Risk (2)** is when neither location nor type of products were targeted by authorities as making use of the prohibited kinds of work, but other factors that may lead to forced labour, according to the International Labour Organization (ILO), such as suppression of workers' rights, human trafficking, absence of employment contracts, etc, have been reported.
- **Medium Risk (3)** is when only one of the location or type of product was reported as having prohibited types of work in place.
- **High Risk (4)** is when both the location and type of product is reported as having prohibited types of work in place.

For suppliers in countries / locations classified as Medium or High Risk, the following procedures are applied:

**Medium risk** partners are invited to declare their compliance with InterAtlas' **Social Compliance Program** through the **Social Compliance Declaration** if this is not already established by contract. At a minimum, such Suppliers' websites are reviewed for evidence of a Social Responsibility program, and discussions are held with direct contacts to confirm both adherence to their Company's policies and alignment with ours. Our representatives make visits from time to time to validate such adherence and alignment.

- *While InterAtlas has not identified any of our partners as being in the **High risk** category to date, we have developed a detailed plan for addressing this situation in case it should arise, as described below:*

**High risk** partners are required to declare their compliance with InterAtlas' **Social Compliance Program** through the **Social Compliance Declaration** and will be required to answer the **Social Compliance Questionnaire**, providing also all documentation, procedures, and policies to validate their answers. If the answers are satisfactory and validated through documentation, the Supplier will be marked as medium risk (3). Our representatives will make visits from time to time to verify compliance. If the Supplier in a High Risk situation provided unsatisfactory answers, according to the international conventions on Forced labour indicators, or does not provide enough documentation validating their answers, they will be marked as High Risks (4) and will be invited to either receive an auditor or cease the relationship.

InterAtlas is responsible for ensuring that serious Social Compliance Program infringements identified by auditor(s) during the visit to suppliers marked as **High risk** for forced labour are effectively addressed in a timely manner. The process for audit reporting and implementing corrective and preventive action includes the following elements:

1. The auditor will notify InterAtlas of any serious issue (e.g., passport withholding, workers locked in their accommodation, etc.) immediately upon identification. InterAtlas will then contact the supplier to ensure that remediation actions are promptly taken, and future risks are mitigated.
2. InterAtlas is responsible for promptly notifying the supplier of the specific nature of the identified issue and the measures and timeframe to address them.
3. **Audit Report.** The auditor will submit a written audit report to InterAtlas after completing the on-site assessment. The report will contain a description of the audited facility/operation, a summary of the audit process, and detailed information and supporting evidence on all findings, compliant and non-compliant. The findings must be described clearly as the report serves as the basis for the supplier's corrective action plan.

**4. Corrective Action Plan will:**

- ensure that the audited supplier, subcontractor, or agent submits a Corrective Action Plan to InterAtlas within one month of completion of the on-site audit.
- review and approve submitted Corrective Action Plans to verify that corrective actions have been taken for any egregious findings.
- ensure all findings are addressed.
- ensure root causes have been identified.
- ensure corrective and preventive actions are appropriate.
- ensure corrective actions have been addressed.

In circumstances where the law infringement is assessed to be egregious, supplier will be closely monitored for a determined time. The procedures below will be adopted according to InterAtlas' discretion and seriousness of the infringement:

- If any egregious findings are identified during the audit, the first progress report must be submitted no later than 30 days after discovery and should clearly identify how the issue is being addressed, including copies of supporting evidence;
  - Suppliers will be required to submit monthly status reports to track and follow-up on corrective and preventive actions, until all non-conformances have been corrected, evidence of completion has been submitted (e.g., by reviewing documents or photographs provided by the supplier), and closure of egregious issues has been verified by follow-up audit;
  - InterAtlas will then schedule a follow-up audit at the earliest opportunity to verify closure of the item(s), or to verify corrective actions that can only be evaluated through worker interviews and on-site documentation reviews. Closure audits should be performed within 60 days of identification of the egregious finding;
  - InterAtlas will ensure that no new contracts or new orders are placed with the offending Supplier until any egregious issues have been independently verified as being effectively addressed.
- 5. Frequency of Re-audits.** Once remediation of all egregious findings has been verified by follow-up audit, InterAtlas will arrange to have the supplier undergo another Self-Assessment in two years. If egregious findings are not satisfactorily addressed by the closure audit, prospective suppliers will not be approved for use and current suppliers will not receive new orders or be eligible for contract renewal and will be considered for contract termination.

## 5. OUR BUSINESS AND SUPPLY CHAIN RISKS, ASSESSMENT AND MANAGEMENT

The Risk Assessment allows us to map our supply chain focusing on the country of origin of our Suppliers. As an importer, it is essential to assess the risks of a given country while doing business with its companies. Any new information and reports produced by governmental entities, NGO's or other agencies from Europe, Canada, USA, or the countries of our suppliers, are taken into consideration as well as the information provided by the above-mentioned databases. Based on

our risk assessment, there are two countries involved in our supply chain representing a Medium risk in relation to forced labour and child labour due to their location, but not the goods being manufactured.

Turkey (30% of 2023 imports) is classified as Medium Risk / Recent Occurrence / Intelligence Information / But no direct risks. Turkey is listed on 2022 TVPRA and appears on Better Trade tool search as a country where Child labour is being employed to produce the following goods: Citrus Fruits, Cotton, Cumin, Footwear, Furniture, Garments, Hazelnuts, Peanuts, Pulses (legumes), Sugar and Beets. The chemical Industry is not directly or indirectly involved with any of these goods, therefore, there is no current direct risk indicated. With awareness of a potential regional risk, our Supplier vetting process has included discussions to communicate our stance on forced labour and child labour and to confirm their alignment. We have reviewed the Sustainability section of the Supplier's website, which indicates commitment to a strong Social Responsibility program and specifically to a Human Rights Policy within their supply chains and among all stakeholders. This is consistent with InterAtlas' stance on forced labour and child labour.

Taiwan (1% of 2023 imports) is classified as Medium Risk / Recent Occurrence / Intelligence Information / But no direct risks: Taiwan is listed on 2022 TVPRA and appears on Better Trade tool search as a country where Forced labour is being employed in the Fish Industry. However, the chemical Industry is not directly or indirectly involved, therefore, there is no current direct risk indicated. With awareness of a potential regional risk, our Supplier vetting process has included discussions to communicate our stance on forced labour and child labour and to confirm their alignment. We have reviewed the Sustainability section of the Supplier's website, which includes policies on both Employee Empowerment and Human Rights, indicating a strong commitment to both. These policies are consistent with InterAtlas' stance on forced labour and child labour.

## 6. MEASURES TAKEN TO REMEDIATE THE LOSS OF INCOME TO THE MOST VULNERABLE FAMILIES

As of the date of this report, InterAtlas has not identified any forced labour or child labour within our supply chains.

In the event that we were to identify forced labour or child labour within one of our supply chains, we would take immediate remediation measures, beginning with working closely with any offending parties to address the concerns, providing remediation support and then implementing increased monitoring practices to ensure continued compliance and prevent recurrence. If the offending party were unwilling to participate in these remediation measures, we would consider immediately ceasing all activity with them.

## 7. THE TRAINING PROVIDED TO EMPLOYEES ON FORCED LABOUR AND CHILD LABOUR

As a small private company operating with 21 employees and heavily centralized management, past training in forced labour and child labour has been concentrated towards the Executive Team, at least one of which is directly involved in the selection of every new supplier, as well as the

Associate Legal Counsel, who assists in supplier outreach as well as the monitoring of these policies and procedures.

The initial training on Bill S-211 was provided by a third-party company, providing an introduction to the specific requirements of the Act as well as the related reporting requirements. In addition to an annual mandatory refresher course, further training sessions will be added to expand and update the understanding of particular aspects of the implementation of the Act. As we have not identified any forced labour or child labour within our supply chains, upcoming sessions will prioritize an expanded understanding of risk assessment procedures.

As the company continues to grow, training will be expanded to include select other staff members involved in sourcing in order to ensure those making direct, regular contact with our suppliers have the tools to identify risks or non-compliance with our policies.

## 8. ASSESSMENT OF EFFECTIVENESS

InterAtlas assess its effectiveness in preventing and reducing risks of forced labour and child labour in our activities and supply chains, by performing a rigorous International Risk Assessment as described above, with special focus on Forced Labour and Child Labour and an annual review of our supply chain activities and its security measures. The Annual Review Report is performed where all RA documented, data collected, as well as all information of our Suppliers are reviewed against our procedures and policies. The purpose of this procedure is to determine whether any breaches, weakness on security, or non-compliances with our procedures, policies, activities, and social program are happening, and how we remediated or addressed such problems throughout the year, as well to identify any inconsistencies with our understanding from the prior year.

## 9. ATTESTATION

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.

Name: Alex Van Zijl

Position: Chief Executive Officer

Date: MAY 30, 2024

Signature: \_\_\_\_\_

I have the authority to bind InterAtlas Chemical Inc. and 1882818 Ontario Inc