



2023 Report under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*

Introduction

This report has been prepared by Neptune Bulk Terminals (Canada) Ltd. (“**Neptune**”) under Canada’s *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the Act) for our financial year ending December 31, 2023.

Neptune is committed to promoting labour practices that protect the safety and human rights of workers, including preventing and mitigating the risks of forced labour and child labour in our operations and supply chains.

Organizational structure, activities, and supply chain

Neptune is a bulk shipping terminal located in North Vancouver, British Columbia. We are a privately owned company and operate solely in Canada. We employ approximately 450 unionized and non-unionized employees, and occasionally hire temporary and casual workers.

As a bulk shipping terminal, Neptune handles commodities that are transported in large quantities without packaging or containerization. Neptune handles two commodities for export to international markets: potash and steelmaking coal. In 2023, Neptune loaded approximately 15 million metric tonnes of steelmaking coal and approximately 7 million metric tonnes of potash, which was shipped to various countries worldwide.

Neptune does not own the commodities shipped from our terminal, nor are we responsible for shipping the commodities. Commodities arrive at our terminal by rail, and are either unloaded directly onto vessels, or stored for a period of time before being loaded onto vessels.

Neptune’s supply chain is closely aligned with the location of our operations in British Columbia. We are committed to supporting local vendors in our community wherever possible. We engage contractors and consultants to deliver professional services such as engineering, legal, environmental, security, janitorial and regulatory compliance. Additionally, we partner with contractors that provide civil, mechanical, electrical, industrial automation and general services to support our terminal operations. Examples of the goods we procure include conveyor belts, drive assemblies, motors and electrical components, heavy equipment and parts, personal protective equipment, coveralls and office supplies.

Nearly all of our goods and services are procured in Canada. Goods and services procured outside of Canada, including equipment and materials, account for approximately 0.5% of Neptune’s direct suppliers.

Steps to prevent and reduce the risks of forced labour and child labour

In our financial year ending December 31, 2023, Neptune took the following steps to prevent and reduce the risks of forced labour or child labour in our operations and supply chain:

- Continuing to maintain a culture of safety and continuously improving our safety management systems at our terminal operations, based on input from employees and suppliers;
- Developing and implementing due diligence processes for screening suppliers across a variety of risk categories;
- Developing anti-forced labour and child labour standards and codes of conduct;
- Continuing to use our existing grievance mechanisms to ensure that complaints or concerns relating to human rights, including forced labour and child labour, are heard and adequately addressed; and
- Developing and implementing training and awareness materials on forced labour and child labour.

Policies and due diligence processes

Policies

Neptune's *Code of Conduct and Business Ethics* commits Neptune to conducting business in an open and ethical manner and to maintaining the highest ethical standards in the conduct of our affairs. The Code applies to our directors, officers, employees, direct suppliers and contractors. Every employee must review and sign the Code as part of the onboarding process and must recertify their acceptance when the Code is updated. Neptune updates the Code as required to ensure ongoing alignment with evolving laws and regulations.

Neptune has established a *Procurement Policy* to ensure that employees who are authorized to requisition, approve, or procure goods or services do so in a manner that adheres to our values. Neptune employees who procure goods or services on our behalf must act responsibly and professionally with a high degree of integrity in compliance with Neptune's policies as well as all applicable laws.

The *Procurement Policy* also sets our expectations for suppliers and contractors. This policy states that all contractors and suppliers must operate with a high degree of integrity in compliance with Neptune's policies and Canadian legal requirements. It also sets our expectation to prioritize ethical and social considerations, including the supplier's contributions to a healthy North Shore Vancouver community and efforts to provide safe and healthy workspaces for workers. Any suspicions or incidents of non-compliance with Neptune's Procurement Policy are required to be reported to our VP of Finance and Administration.

In 2023, Neptune developed, but has not yet implemented, revisions to our *Code of Conduct and Business Ethics* and *Procurement Policy* to specifically address the risks of forced labour and child labour.

Due diligence processes

Neptune's due diligence processes focus on the health and safety of workers in our terminal operations. We recognize that indicators of forced labour and child labour include unsafe working conditions, threats, workplace violence and other hazardous working conditions that are contrary to Canadian health and safety regulations.

We are committed to establishing and maintaining a safe and healthy workplace and an environment in which people demonstrate a strong commitment to the safety, health and well-being of themselves and those around them. Our due diligence processes include monitoring the safety of workers in our terminal



operations and requiring contractors and direct suppliers to comply with applicable laws relating to employment, human rights and safety. We screen contractors who operate at our terminal and closely monitor on-property activity to ensure adherence to our policies and safety requirements.

Neptune's senior management team are accountable for overseeing and managing our due diligence processes, with our Finance and Procurement teams leading the supervision and implementation of programs to reduce the risk of forced labour or child labour in our supply chain. Our procurement process involves a pre-qualification stage for our direct suppliers and contractors through the ISNetworld management platform that includes questions related to modern slavery, including with respect to oversight over the extended supply chain, workforce composition and the use of migrant labour. This platform enables Neptune to manage our direct suppliers and contractors through supplier declarations, questionnaires and surveys, active sanction list monitoring and document review. This platform gives Neptune access to information such as country of origin and sourcing certificates where applicable, as well as supply chain mapping tools, to enable Neptune to understand our suppliers' risk profiles.

Assessing risks of forced labour and child labour

Neptune recognizes that the risks of forced labour and child labour increase when operating in or procuring goods from locations with minimal legal protections of workers or high levels of poverty, inequality and unemployment. We also recognize that hiring migrant workers, using recruitment agencies and other labour intermediaries increases the risk of forced labour and child labour in supply chains.

Given the location of our operations and supply chain, Neptune's overall risk of forced labour and child labour in our operations and direct suppliers is low. Our terminal is located in Canada, and the majority of our goods are procured from suppliers and contractors in Canada, where employment, safety, human rights and labour relations laws protect workers from forced labour and child labour.

We do recognize the importance of continuing to screen our contractors and suppliers for risks of forced labour and child labour and are committed to continuously updating and improving our risk assessment processes through our procurement and safety management systems.

Remediation measures and remediation of loss of income

Neptune's approach to remediation is set out in our *Code of Conduct and Business Ethics*. We encourage the reporting and investigation of human rights violations through Clearview, our Ethics hotline. Neptune does not tolerate direct or indirect acts of retaliation made in response to a good faith report. Clearview is embedded in Neptune's human resource policies, and it is featured prominently on-site on bulletin boards and screens.

If Neptune receives an anonymous complaint, the Human Resource department conducts an investigation and provides a recommendation regarding any actions that should be taken to resolve the complaint. These recommendations are reviewed by Neptune's Audit and Finance Committee before a decision is made.

To date, Neptune has not received any complaints relating to forced labour or child labour in our operations or supply chain, and as such has not taken any remediation measures or remediation of loss of income to families as a result of forced labour or child labour.

Employee training

Neptune requires all workers at our terminal operations to attend regular training related to health and safety.

In 2023, Neptune engaged a third party to develop and provide training that specifically addressed the risks of forced and child labour. This training was offered to our procurement team. Neptune also started developing training to be provided more broadly across our organization to raise awareness of prevention and mitigation of forced labour and child labour.

Assessing effectiveness

Neptune's Finance and Procurement teams are responsible for assessing the effectiveness of our approach to reducing the risks of forced labour and child labour.

The ISNetwork management platform collects data that we can leverage to engage with our contractors and suppliers and, over time, assess the effectiveness of our approach to preventing and mitigating the risks of forced labour and child labour.

We also rely on feedback provided through ongoing engagement with our direct suppliers, contractors and workers. Neptune conducts an annual feedback survey, during which our contractors and direct suppliers have an opportunity to anonymously assess and provide feedback on, *inter alia*, our health and safety performance and support. We work in close partnership with our workforce and peers in the waterfront sector to share best practices and update our safety standards. We meet regularly with our workers to review safety matters and make recommendations for continuously improving our safety management systems.

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.

Dated in the City of Vancouver, British Columbia, this 15th day of May, 2024.

"Michael O'Shaughnessy"

Michael O'Shaughnessy, Chair, Board of Directors

I have the authority to bind Neptune Bulk Terminals (Canada) Ltd.