

NOURYON CHEMICALS LTD.

Annual Report – Financial Year 2023 – Prepared pursuant to the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (“**the Act**”).

INTRODUCTION

This report is filed by Nouryon Chemicals Ltd. (“NCL” or the “**Company**”) for the financial year ending December 31, 2023 (the “**Reporting Period**”). The report sets out the steps that the Company has taken to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods in Canada or elsewhere by the Company or of goods imported into Canada by the Company. The report also provides supplementary information as is required under the Act.

STEPS TAKEN TO PREVENT AND REDUCE THE RISK THAT FORCED LABOUR AND CHILD LABOUR ARE USED AT ANY STEP OF THE PRODUCTION OF GOODS OR OF GOODS IMPORTED INTO CANADA

During the Reporting Period, NCL continued to apply the due diligence processes and policies described elsewhere in this report. Additionally, the following actions were taken at the Nouryon Group level on behalf of Nouryon entities, including NCL, which are directly relevant to NCL’s supply chains:

- The proportion of spend assessed for sustainability by EcoVadis was increased to 66%, up from 60% in the preceding year. EcoVadis and EcoVadis Risk IQ are used to evaluate and monitor the sustainability performance and risk of its suppliers across multiple categories, including environment, labour and human rights, ethics, and sustainable procurement. EcoVadis scores are based on a company’s policies, actions, and results. If a supplier fails to meet specific performance criteria, a corrective action process is implemented with such non-compliant suppliers to stimulate improvement or explore alternative sourcing when necessary.
- Risk assessment of supply chains and supplier outreach: In 2023, the Nouryon Group engaged with 91 suppliers to either participate in an EcoVadis assessment or implement a corrective action plan resulting in positive conversations and engagement to promote suppliers’ sustainability journeys.
- Together for Sustainability (“TfS”): The Nouryon Group joined TfS, which enables the Nouryon Group to strengthen its supplier audit capabilities and gain access to industry best practices, which it believes will benefit its customers and business partners by enhancing sustainability in its supply chain. TfS, founded in 2011, unites more than 50 member companies committed to elevating sustainability standards in the chemical industry. TfS supports the principles of the UN Global Compact and Responsible Care® and partners with several industry councils. Membership provides access to TfS Assessments and Audits, enabling companies to evaluate and enhance sustainability performance. These

tools measure supplier performance in environmental, labour, and human rights, ethical, and sustainable procurement areas, bringing about change beyond the chemical industry.

A full range of the Nouryon Group's initiatives undertaken on behalf of the entire Nouryon Group in respect of forced and child labour are available in the [2023 Sustainability Report](#).

STRUCTURE, ACTIVITIES AND SUPPLY CHAINS

NCL is incorporated under the *Canada Business Corporations Act* and has its principal place of business at 3910 Wanuskewin Rd, Saskatoon, SK. NCL is a wholly owned subsidiary of Nouryon Chemicals LLC, a Delaware corporation, and is ultimately controlled by Nouryon Limited, an Irish corporation. NCL is part of the Nouryon group of companies, a global, specialty chemicals leader headquartered in the Netherlands. Nouryon is owned by the Carlyle Group and GIC. Markets and consumers worldwide rely on Nouryon's essential solutions to manufacture everyday products, such as personal care, cleaning goods, paints and coatings, agriculture and food, pharmaceuticals, and building products. Nouryon operates in over 80 countries around the world, including in Canada through NCL.

NCL is engaged in the production and sales of chemicals. It operates a chemical manufacturing plant in Saskatoon where it manufactures chemicals that are used primarily in Canadian oil and mining operations. To support its manufacturing activities, NCL imports various chemicals, including amines and diamines from affiliated companies, primarily in the US, but also Mexico and Sweden. NCL also imports various raw materials including acetic acid and fatty acids from reputable suppliers in the US.

DUE DILIGENCE PROCESSES & POLICIES IN RELATION TO FORCED LABOUR AND CHILD LABOUR

As part of the Nouryon Group, NCL relies on the policies and due diligence processes developed by Nouryon. Nouryon proudly maintains several key memberships, including being a signatory of the UN Global Compact, the world's largest initiative dedicated to corporate sustainability. This international program unites corporations, UN agencies, and labour and civil society organizations, fostering collaboration to uphold universal principles concerning human rights, labour, environmental protection, and anticorruption. Nouryon's strategy and policies are designed to align with these key principles.

Company Position Statements

Nouryon's position statements articulate key commitments, policies, and frameworks that are applicable to all Nouryon companies, including NCL.

Modern Slavery

As a chemical company, NCL's production operations pose a low risk of child or forced labour. Nouryon's manufacturing operations generally require skilled labour with high education requirements. NCL also complies with all local labour laws, which require us to confirm the age of our employees when joining the company.

Nouryon evaluates forced and child labour and other modern slavery risks in its supply chain through risk assessments and supplier questionnaires, and follows-up appropriately on any concerns raised. Employees, business partners and other stakeholders can file anonymous reports about potentially unethical conduct through Nouryon's confidential ethics reporting hotline available 24-hours a day in any of 30 languages.

Human Rights

Nouryon cultivates a respectful and inclusive work environment free of discrimination and harassment. Nouryon complies, and requires its business partners to comply, with all applicable local labour and employment laws and international fair labour standards. Nouryon will not engage in or do business with any third party that we have found to engage in, forced or involuntary labour, human trafficking or child labour. Nouryon recognizes the human rights of all people as outlined in the Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights and the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work.

Business Partners

Nouryon expects business partners to adhere to all applicable laws, regulations and industry standards, as well as ethical requirements such as fair labour practices, employee safety and sustainable practices outlined in Nouryon's Business partner Code of Conduct & Ethics. Nouryon continuously monitors the conduct of third parties for any potential bribery, corruption, environmental, labour or other regulatory compliance issues, taking appropriate action where necessary.

Forced and Child Labour Risk Assessment

Nouryon evaluates potential forced and child labour risk in the global supply chain through a risk assessment of inputs and suppliers and supplier questionnaires. Nouryon partners with EcoVadis and EcoVadis Risk IQ to evaluate and monitor the sustainability performance and risk of its suppliers across multiple categories, including environment, labour and human rights, ethics, and sustainable procurement. EcoVadis scores are based on the Company's policies, actions, and results. If a supplier fails to meet specific performance criteria, we implement a corrective action process with such non-compliant suppliers to stimulate improvement or explore alternative sourcing when necessary.

Code of Conduct & Ethics

Nouryon's Code of Business Conduct & Ethics covers key ethical principles and governs how all Nouryon employees and contractors should conduct business. The Code of Business Conduct & Ethics requires employees to comply with all applicable laws, to be good citizens in Nouryon's communities including by respecting human rights and ethical labour practices. All Nouryon employees are prohibited from engaging in, or doing business with any third party engaging in, the use of forced or involuntary labour, human trafficking, or child labour.

Business Partner Code of Conduct

Nouryon's Business Partner Code of Conduct exemplifies Nouryon's commitment to ethical business conduct as a core element of its strategy for growth and success and incorporated in the company values: 'We Aim High, We Own It, and We Do it Right'. Nouryon expects all its business partners to comply with all applicable laws and regulations and to embody, at all times, the guiding ethical principles outlined in this Business Partner Code of Conduct. The Business Partner Code of Conduct requires Nouryon's suppliers to adhere to equally high standards of business conduct. In particular, it requires companies to:

- comply with applicable laws including those prohibiting the use of forced and child labour
- conduct business ethically
- respect human rights, with the explicit prohibition on the use of forced and child labour in their supply chains
- adhere to responsible sourcing standards
- provide their employees and third parties with an anonymous channel to report potential violations of applicable laws or Nouryon policies.

SpeakUp! Reporting and Non-Retaliation Policy

All stakeholders, including Nouryon employees, suppliers, customers, and other business partners can report all suspected policy violations, inappropriate behavior, and illegal or unethical practices through SpeakUp!, Nouryon's global reporting hotline. To ensure that all employees and external parties are aware of SpeakUp!, Nouryon promotes contact information on its intranet, on the Nouryon website, through periodic training, on posters in offices and manufacturing sites, and in the Company Code of Business Conduct & Ethics and Business Partner Code of Conduct. Nouryon also has a SpeakUp! and Non-Retaliation Policy (whistleblower protection) for good faith reporting of concerns that applies to all employees. Nouryon does not tolerate retaliation against any employee who makes such a report.

ACTIVITIES AND SUPPLY CHAINS THAT CARRY A RISK OF FORCED LABOUR OR CHILD LABOUR BEING USED AND THE STEPS TAKEN TO ASSESS AND MANAGE THAT RISK

As a chemical company, NCL's operations pose a low risk of child or forced labour. Nouryon's manufacturing operations generally require skilled labour with high education requirements. We also comply with all local labour laws, which require Nouryon companies to confirm the age of its employees when joining the company.

NCL supply chain incorporates a range of inputs acquired from various suppliers who each in turn have their own suppliers. It is these extended supply chains that may give rise to a risk of forced and child labour in its supply chains. To assess and manage these risks, NCL works to uphold the high standards of compliance and ethical business conduct throughout its own operations and in its supply chain. To do so, NCL adheres to and relies upon the policies and due diligence processes

developed by Nouryon that are described elsewhere in this report, which work together to ensure that its extended supply chain complies with human rights and applicable laws, including those prohibiting the use of forced and child labour.

MEASURES TAKEN TO REMEDIATE ANY FORCED LABOUR OR CHILD LABOUR

NCL is not aware of any incidents of forced or child labour in its supply chain and therefore the issue of remediation is not applicable.

MEASURES TAKEN TO REMEDIATE THE LOSS OF INCOME TO THE MOST VULNERABLE FAMILIES THAT RESULTS FROM ANY MEASURE TAKEN TO ELIMINATE THE USE OF FORCED LABOUR OR CHILD LABOUR IN ITS ACTIVITIES AND SUPPLY CHAINS

NCL is not aware of any loss of income to families resulting from any measures taken to eliminate the use of forced or child labour in its supply chains and thus the question of remediation is not applicable.

TRAINING PROVIDED TO EMPLOYEES ON FORCED LABOUR AND CHILD LABOUR

All office-based and site management employees in the Nouryon Group, including those of NCL, receive annual compliance training in Nouryon's Business Partner Code of Conduct. Additionally, all Nouryon Group office-based and site management employees review and acknowledge Nouryon's expectations by completing an Annual Policy Certification.

HOW NCL ASSESSES ITS EFFECTIVENESS IN ENSURING THAT FORCED LABOUR AND CHILD LABOUR ARE NOT BEING USED IN ITS ACTIVITIES AND SUPPLY CHAINS

Nouryon, on behalf of NCL and its other subsidiaries, tracks compliance through its SpeakUp! System to monitor any concerns raised about compliance with applicable laws and Nouryon policies, including those concerning forced and child labour.

APPROVAL & ATTESTATION

This report is approved and attested, as required under paragraph 11(4)(a) and subsection 11(5) of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*.

Per: 
Name: KATHERINE PADILL
Title: ASSISTANT SECRETARY
Date: MAY 31, 2024

I have the authority to bind Nouryon Chemicals Ltd..