



SHPP Canada Inc. S-211 Report

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Contents:

- Attestation: 3
- Introduction: 4
- SABIC’s Corporate Compliance Program and Due Diligence:..... 4
- Import Analysis: 5
- Risk Assessment Logic and Results: 5
- Remediation Steps:..... 6
 - Training:..... 6
 - Audits and Site Visits: 6
 - Letters:..... 6

SHPP Canada Inc. S-211 Report

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 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.

I have the authority to bind SHPP Canada Inc.

Paul van Laren
Site Leader and Director
SHPP Canada Inc.

May 30, 2024

Date

PW van Laren

Signature

SHPP Canada Inc. S-211 Report

Introduction:

SABIC prides itself by being a world-preferred materials and chemicals solutions provider. SABIC also prides itself by having a strong commitment to compliance with all laws, including laws designed to prevent forced labor and child labor. For these reasons, SABIC has focused on developing strong supplier and customer due-diligence programs to ensure we only conduct business with safe and ethical partners. We require our partners to meet or exceed various health, safety, and ethics/compliance standards before doing business.

SHPP Canada Inc., located in Cobourg, Ontario, is a manufacturing facility within SABIC's "Specialties" Business Unit. The facility manufactures thermoplastics and resins used in a variety of commercial applications, from transportation to consumer electronics, aerospace, packaging, and healthcare, among others. The site employs ~95 personnel and has annual revenues of approximately C\$92.4 million. Fixed assets are estimated at C\$47 million, making it obligatory for SHPP Canada Inc. to report certain data, per Canadian Bill S-211.

SHPP Canada Inc. trusts that this report will illustrate SABIC's commitment to compliance with Bill S-211 and toward preventing the use of forced labor in our supply chains.

SABIC's Corporate Compliance Program and Due Diligence:

SABIC maintains a world-class compliance program. We adhere to a robust [Code of Ethics](#), for which each SABIC employee is required to acknowledge. In addition to Code review and acknowledgement, employees are required to complete mandatory annual training on a range of topics, including but not limited to human rights, labor laws, and regulations. SABIC also benchmarks against companies in the same industry and of similar size and maintains close partnerships with third party ethics and compliance consortiums, such as Ethisphere, sharing and absorbing best practices from Corporate partners around the world.

SABIC, like other multinationals, partners with suppliers and customers around the world. Prior to doing so, SABIC extends many of our ethical standards to those parties, ensuring that the relationships we build reflect the highest ethical business standards. SABIC suppliers, specifically, through our Global Procurement function, undergo rigorous checks and must agree to abide by our "Supplier Code of Conduct" before being registered/approved as a supplier. Lastly, it is important to note that our Supplier Due Diligence program specifically highlights laws pertaining to the use of forced, compulsory, or child labor, among other things. Additional details of our "Supplier Due Diligence" program can be found [here](#).

A strong compliance program often fails if employees and partners fear reporting situations in which the Code is being broken. A cornerstone of SABIC's compliance program is a policy of "No Retaliation". SABIC will never punish employees for making good-faith efforts to report misconduct of any kind. Robust protections are in place, including assurances from SABIC's leadership, that employees should feel open and comfortable about reporting possible violations of our Code, to include our Supplier Code of Conduct. SABIC offers employees, in addition to third parties, a wide variety of reporting mechanisms, including anonymous reporting tools to ensure there is a pressure-free environment. SABIC is also transparent about its investigative process and carefully maintains the confidentiality of investigations to ensure privacy and discretion.

SHPP Canada Inc. S-211 Report

Import Analysis:

SABIC's Legal Trade team, in coordination with SHPP Canada Inc. site Leaders, Supply Chain/Logistics, Corporate Finance, and other stakeholders, conducted an extensive 2023 import analysis to assess risk exposure. Due to extensive business between SABIC affiliates, most imports by SHPP Canada Inc. originate from other SABIC entities, especially from SHPP US LLC, which is located in the United States. Below are some additional estimations about SHPP Canada import activities:

- ~84% of all imports are from SABIC affiliates.
- ~47% of all imports are from SHPP US LLC, which is certified under US Customs and Border Protection's "Customs-Trade Partnership Against Terrorism", also known as "CTPAT".
- ~36% of all imports are from SHPP B.V. in the Netherlands.
- Less than 1% of all imports come from SABIC affiliates in South America, Korea, and Japan.
- ~16% of all imports by SHPP Canada Inc. are from non-SABIC entities.

Risk Assessment Logic and Results:

We chose to first focus our analysis on non-SABIC entities. We have unique visibility into ~84% of imports, given they originate from other SABIC affiliates. SHPP Canada Inc. identified 81 third party suppliers that provide SHPP Canada Inc. with a range of materials, some supplying only 10-20 kilogram-meters ("kgm") of material over the 2023 period, with others supplying hundreds or thousands of kgm annually. We compared the import volumes from the suppliers to differentiate small suppliers, of office supplies for example, from large suppliers of raw materials or chemicals. Our focus would, logically, be on the large suppliers of raw materials and chemicals as they present the highest risk for us.

In addition to our own internal analysis, we also examined resources from the U.S. Department of Labor's Bureau of International Affairs', which publishes comprehensive reports on emerging forced labor trends, by origin country and product. We chose this as a resource because we also use the resources to analyze our US supply chains in compliance with the Uyghur Forced Labor Prevention Act, or "UFLPA". SHPP US LLC is a member of the Customs – Trade Partnership Against Terrorism, or "C-TPAT" program, which requires supply chain risk assessments and other enhanced cargo security procedures to combat not just terrorism but also forced labor.

In our review, we compared the products and origin countries listed in the reports with the products we import and determined that our highest risk came from suppliers of chemical products from China. Using volume and origin data, SHPP Canada Inc. identified two current suppliers that meet the criteria determined.

Once the highest risk suppliers were identified, we reviewed the relevant agreements and contracts confirming the following language was included:

SHPP Canada Inc. S-211 Report

“(vi) no products transferred under the Purchase Agreement have been or will be produced utilizing forced, indentured or convict labor or utilizing the labor of persons in violation of the laws governing minimum working age, minimum wage, hours of service, and overtime in the country of manufacture;”

Although our agreement language covers the topic holistically, there are other remediation steps that can be taken to further reduce the risk of forced labor.

Remediation Steps:

Although SHPP Canada Inc.’s imports are generally not from high-risk countries or containing high-risk import products, SHPP Canada Inc. (and SABIC generally) will continue enhancing processes and awareness to reduce the risk of forced labor in our supply chains. In 2024, SABIC plans to:

Training:

SABIC Legal Trade will provide training materials to our Global Procurement Services managing suppliers, with a focus first on suppliers in higher-risk regions or for products identified in reports published by the US Department of Labor’s Bureau of International Affairs.

Audits and Site Visits:

To the extent possible and reasonable under the agreement(s), SABIC will exercise its right to conduct site visits and/or audits. SHPP Canada Inc. will, where deemed appropriate, coordinate with SABIC’s audit, Legal, and Procurement functions to identify partners and conduct site visits or audits, based on risk assessment results.

Letters:

SABIC will issue letters to suppliers reminding them of their obligations under the Supplier Code of Conduct, especially regarding provisions related to forced or child labor. Letters will be issued to suppliers based on risk, i.e., the origin country of the products, the type of products supplied, and the import volumes.

In conclusion, SHPP Canada Inc. remains committed to both complying with Bill S-211 as well as the elimination of forced or child labor in supply chains. SHPP Canada Inc. (and SABIC overall) will continue to monitor its supply chains and to improve due diligence efforts with our partners. Should you require additional information, please do not hesitate to contact me.

Sincerely,

Paul van Laren

Paul van Laren
Site Leader and Director
SHPP Canada Inc.