

Report Pursuant to the
**Act to Enact Fighting Against
Forced Labour and Child
Labour in Supply Chains**

ABOUT THIS REPORT

This is a joint report filed by Targray Group Ltd. and its applicable Canadian and international affiliates to comply with the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "Act"). This report covers the 2023 fiscal year, and unless otherwise indicated the statements contained herein are made on behalf of Targray Group Ltd., and its subsidiaries that have reporting obligations under the Act (hereinafter "Targray").

STRUCTURE, ACTIVITIES, AND SUPPLY CHAINS

Structure and Activities

The Targray companies are privately owned and incorporated pursuant to the laws of the jurisdictions in which they were established.

Targray is involved in sourcing, transportation, storage, trading and distribution of commodities and advanced materials for a broad range of industry sectors with a mission to provide sustainable commodity solutions for a world in transition.

Our commercial divisions are diverse and include biofuels, renewable feedstock, solar materials, battery materials, sustainable cotton, optical media, and environmental commodities, which includes carbon compliance and voluntary credits, with activities in North America, Europe, Asia, Africa, Oceania, South America, and the Middle East.

For further insights into Targray's strategic direction, corporate responsibilities, and activities, please consult our inaugural sustainability report featured on our [website](#).

Our Business at a Glance

Employees

166

2023 Sales (USD)

933.5M

Countries of Operation

10

Office Locations

6

Products We Supply

Biofuels
Renewable feedstock
Environmental commodities
Solar materials
Battery materials
Sustainable cotton
Optical media

Customers We Serve

Oil & gas producers
Biofuel producers
Solar manufacturers
Automotive manufacturers
Consumer goods & textile companies
Optical disc manufacturers

Supply Chains

As a commodity trading organization whose commercial activities depend on efficient sourcing and distribution rather than manufacturing or raw material production, Targray's supply chains are paramount to its operations. The diverse nature of our commercial activities spans various industries, and our suppliers are situated across many regions.

The table below identifies the countries in which Targray conducted commercial activities of physical goods in 2023, listed by division:

<i>Division</i>	<i>Countries</i>
Solar Materials	China, Malaysia, Vietnam, Cambodia, Thailand, India
Battery Materials	China, Germany, Japan, South Korea
Sustainable Cotton	Mali, Benin, Burkina Faso, Brazil, Bangladesh, Vietnam, India, Pakistan
Optical Media	Italy, Czech Republic, Germany, Poland, France
Renewable Feedstock	China, India, Turkey, USA
Biofuels	U.S., Canada, UAE, France, UK, Germany, Spain, Netherlands, Switzerland, Slovakia, Egypt
Pulses*	India, Australia, Canada, China, Bangladesh, Pakistan, UAE, Thailand, Benin

**Pulses division discontinued in 2023.*

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

At Targray, we have implemented and continuously strengthened our due diligence policies and procedures tailored to the risks associated with our operations, supply chains, and business partnerships, with the objective to maintain resilient and sustainable business activities.

In 2023, Targray established a [Business Partner Code of Conduct](#) (the "Code"), which complements our Code of Conduct and Ethics for employees. The Code specifically enlists counterparties and business partners in upholding the same ethical standards as Targray, aligned with internationally recognized principles and standards such as the Universal Declaration of



Human Rights and its implementation through the United Nations (UN) Guiding Principles on Business and Human Rights, and the International Labor Organization (ILO) conventions.

As part of the implementation process, the Code was rolled out to active vendors, in addition to being incorporated into Targray's Know Your Counterparty (KYC) onboarding and renewal process. All counterparties who wish to transact with Targray are requested to abide by the Code and understand that non-observance could lead to termination of contractual obligations without penalty to Targray. Going forward for 2024 and beyond, a risk-based approach, including escalations to the relevant decision-making authorities, is being implemented to address amendment requests from counterparties and exceptions as part of the KYC onboarding and renewal process.

The Code is publicly available on Targray's website and reflects our principles in relation to the many human rights issues, including all forms of modern slavery and child labour. Targray expects its business partners to share the same values. We endeavor to avoid, mitigate, and minimize adverse human rights impacts through our activities, and key to this is the assessment of prospective counterparties under our KYC process. In addition to sharing the Code with all counterparties, our KYC team, in accordance with Targray's KYC Policy, initiates outreach with counterparties to obtain relevant information about the entity, its ownership and control structures, reasonably ensuring that the counterparty is genuine, reputable, and not involved in any illicit activities. Counterparty identification data is gathered, verified, and screened using a third-party tool to search against various databases for sanctions listings and violations and other reported risks such as negative media coverage.

Toward the end of 2023, Targray reviewed and revised its internal policies and guidelines that directly speak to workplace safety, employee health and safety, harassment and discrimination, diversity equity and inclusion, and anti-corruption. Upon republication of these policies, existing Targray employees were notified and invited to review the revised material and to complete a new training course on the modified Code of Conduct and Ethics. It is now mandatory for all new employees to review these policies during onboarding.

In early 2024, Targray's KYC Policy was updated to include a process for periodic monitoring at prescribed intervals based on the counterparty risk profile and certain events or news. Another important feature of our updated approach is the assessment of increased risk inherent in supplier attributes such as industry type and regional location, including a focus on risks of human rights violations. If issues of concern are identified, they are escalated internally for review and addressed as appropriate.

Also subsequent to the 2023 reporting period, Targray published a [Human Rights Policy Statement](#), which serves as a guiding framework for the company to ensure that our business decisions contribute to the protection of human rights. This policy statement is aligned with the Universal Declaration of Human Rights and covers the topics of respect for human dignity, labour standards, working conditions, supply chain mapping, business partners assessment and collaboration, and a commitment to continuous improvement. The publication aimed at enhancing awareness across internal and external stakeholders and occurred in Q1 of 2024.

RISK OF FORCED LABOUR OR CHILD LABOUR IN OUR SUPPLY CHAINS AND STEPS TAKEN TO ASSESS AND MANAGE THE RISKS

In 2023, Targray conducted an internal assessment of the risks of forced labour and child labour in the organization's activities and supply chains for each of the company's divisions. To the best of our knowledge, we have assessed the risks associated to our industries, products sourced, and locations of activities, applying a risk-based approach.

One area of particular concern is materials sourced from Chinese suppliers in our Solar division. This concern is based on the assessment that a substantial portion of polysilicon, the raw material used in the manufacturing process of downstream solar panels, is sourced from mines in the Xinjiang Uyghur Autonomous Region (XUAR) which is alleged to harbour ongoing human rights violations such as forced labour against ethnic Uyghur peoples.

Additional areas of concern within Targray's supply chain were noted in our Battery, Cotton, and Optical Media divisions. The concerns are based on the knowledge of forced and child labour linked to cobalt mines in the Democratic Republic of Congo, the existence of child labour linked to cotton agriculture in West Africa, and the known risks of forced labour linked to silica in the XUAR, respectively.

To assess these known risks, a supply chain mapping exercise of Targray's tier 1 preferred suppliers was undertaken, where preferred suppliers are identified as those who collectively and consistently represented 80% of total annual spend within the respective division year-over-year, and that are considered a sole supplier of a particular product or otherwise critical to the business. The first stage of the mapping exercise involved identifying the preferred suppliers for each of Targray's business divisions, and by noting our respective position within each supply chain and identifying the materials sourced, in addition to the supplier's production and headquarter locations.

This internal risk assessment involved assigning a risk rating to each division designated as either high, medium, or low risk profiles. Following this step, at the end of 2023, we proceeded to draft

and distribute a comprehensive supply chain mapping questionnaire to all preferred suppliers in divisions carrying high- and medium-risk profiles. When completed, results of this tier 1 questionnaire consultation should increase transparency in our supply chains and inform each additional tier within the respective supply chains, all the way to the raw material. The success of this exercise requires a high degree of cooperation from our business partners, and the effectiveness of this process will likely be reevaluated in 2024.

Targray is working to further develop and implement due diligence policies and processes specifically for identifying, addressing, and prohibiting the use of forced labour and child labour in the organization's activities and supply chains. Specific to the XUAR, Targray has introduced a UFLPA (Uyghur Forced Labour Prevention Act) declaration that counterparties in high-risk divisions are requested to sign, attesting that materials sold to Targray do not originate from XUAR or were not sourced using forced or child labour. As we continue our commitment to ethical practices, we are working towards a full integration of these policies and procedures with the expectation of increased cooperation from our suppliers to eliminate the risk of forced and child labour from our supply chains.

MEASURES TAKEN TO REMEDIATE FORCED LABOUR OR CHILD LABOUR

Targray has taken measures to expand its due diligence processes by setting basic standards to assess and evaluate the risk levels of our counterparties and supply chains. With a particular emphasis placed on human rights and modern slavery, Targray makes conscious efforts to diversify its sourcing and engage with counterparties producing materials away from regions or countries of concern. Particular attention is given to certain solar and battery materials, as these industries have been identified as higher risk areas for human rights violations and therefore the entire global market is evolving and as such our business continues to evolve, identify and address these global industry issues.

During 2023, Targray encountered one instance of an allegation of a link to forced or child labour in relation to a counterparty. In this case, we engaged directly with the counterparty on this matter. They were re-screened using a third-party tool, searching for forced labour risk indicators or reports of non-compliance which returned a negative result. Targray provided them with our Business Partner Code of Conduct and in turn this counterparty shared with Targray their procurement management measures. The counterparty also confirmed that no materials supplied to Targray are sourced from XUAR. With the benefit of this experience, in early 2024 Targray updated its procedures for responding to allegations raised in conjunction with the updated KYC Policy outlined above.

MEASURES TAKEN TO REMEDIATE THE LOSS OF INCOME TO THE MOST VULNERABLE FAMILIES THAT RESULTS FROM MEASURES TAKEN TO ELIMINATE THE USE OF FORCED OR CHILD LABOUR

As Targray did not identify any instances of forced labour and child labour in our supply chains, there were no measures taken in 2023 to remediate the adverse impacts of forced labour or child labour. Similarly, based on that assessment, no remediation measures were necessary to address the loss of income to the most vulnerable families that would have been impacted by any elimination measures taken by Targray.

TRAINING PROVIDED TO EMPLOYEES ON FORCED LABOUR AND CHILD LABOUR

Targray's Employee Code of Business Conduct and Ethics, which is, and was during the 2023 reporting period, included in the onboarding curriculum of all new employees and has a mandatory review and sign off for all active employees, speaks to Targray's dedication to championing and safeguarding human rights in alignment with the Universal Declaration of Human Rights. This code of ethics embodies our corporate values and outlines the conduct we expect from our employees in carrying out their duties, particularly concerning fundamental rights of all persons.

In March 2024, Targray introduced a forced labour and child labour training course that is now mandatory for all our employees. This course was designed to further raise awareness and better equip employees with the skills needed to identify and assess human rights risks.

ASSESSMENT OF EFFECTIVENESS IN ENSURING THAT FORCED LABOUR AND CHILD LABOUR ARE NOT BEING USED

During the 2023 reporting period, Targray did not have formal policies or procedures in place to specifically assess its effectiveness in ensuring that forced labour and child labour are not being used in its activities and supply chains. Targray evaluates and updates its corporate policies and procedures periodically and is committed to continuous improvement.

In situations where, despite our best efforts, Targray employees find themselves in circumstances where doubts arise with counterparties regarding the use of forced or child labour, employees can escalate their concerns to Targray's Ethics reporting mailbox Ethics@Targray.com.

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.

May 29, 2024



Andrew Richardson
President and CEO

I have the authority to bind Targray Group Ltd.