



TEIJIN CARBON AMERICA, INC.

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Forced Labor and Child Labor Report 2023

Introduction and Scope

This report applies to the forced labor and child labor aspects of Teijin Carbon America Inc.'s business and ethics practices. Teijin Carbon America, Inc. (TCA) is a subsidiary of Teijin Holdings USA, Inc. (THUS) in Sausalito, California.

Teijin Carbon America's fiscal year runs from April 1st through March 31st. TCA's Business Number is 71198 8139 RM0001.

This is TCA's first Entity Report submitted to the Canadian government. TCA does business in Canada and meets the size-related thresholds of \$20 million in assets and has generated at least \$40 million in revenue for at least one of its two most recent fiscal years.

Teijin Carbon America, Inc. (TCA) is made up of 2 locations under the same US business identification number. The parent location in Greenwood, SC, USA, manufactures carbon fiber filament. These high-tech carbon fiber products significantly enhance properties in thermoset and thermoplastic composites, including aerospace, industrial, and sports equipment/recreational applications.

The second TCA location in Rockwood, TN, USA, manufactures Oxidized Polyacrylonitrile (PAN) Fiber (OPF) and short carbon fibers (chopped, milled, pelletized/coated). The Rockwood location is also a wholesaler of carbon fiber filaments and composites for sister sites Teijin Carbon Europe GmbH in Wuppertal, Germany and Teijin Carbon Japan in Mishima, Japan. OPF with flame-resistant and non-melting characteristics is used in welding blanket, fleece insulation and carbon brake applications. Short Fibers offer excellent mechanical, electrical, and thermal properties which are useful in making resins or other non-conductive materials electrically conductive and ideal for use in fuel cells, concrete reinforcement, electromagnetic shielding, or in other applications where enhanced chemical resistance is required.

TCA's most important suppliers are sister locations within the Teijin Limited corporation (headquartered in Tokyo, Japan).

TCA operates ethically and with integrity in compliance with laws and regulations and internal Teijin policies. All Teijin locations show respect for human rights in local communities in which they operate. As a policy, all Teijin locations, to include TCA, respect human rights and do not tolerate any discrimination and harassment in any part of our business and supply chain. Teijin does not allow any Teijin location to use child labor, forced labor, or participate in employment discrimination. Teijin requests their suppliers to accept these principles and cooperate with to uphold these rights.

TCA improvements to policies and procedures for FY2024 include:

Incorporating specific language in Teijin's supplier surveys that verify our suppliers are not participating in forced or child labor. TCA will incorporate this language into its local policies and procedures.

Supplier Selection & Monitoring

Purchasing, Marketing, Engineering, Technical, Export Compliance, Sales, and Quality Assurance (QA) may initiate the supplier/vendor selection process by collecting the appropriate business information and forwarding the Supplier Quality Survey to the vendor for completion. Vendors shall return the completed Supplier Quality Survey to Quality Assurance, along with on-site evaluations of the supplier's facility, as determined by TCA Management.

Beginning in FY2023, the TCA Export Compliance Department screened key supplier's websites to confirm the suppliers have policies for prevention of Forced Labor and Child Labor. Nightly database screening is also provided by the Export Compliance department to ensure the supplier is not on an entity list to include the Uyghur Forced Labor Prevention Action (UFLPA) Entity List provided by the US Department of Homeland Security. Currently none of TCA's suppliers are identified or fall under the products on the US Department of Labor's List of Products Produced by Forced or Indentured Child Labor.

TCA's key suppliers are rated as Class I or Class II. Class I suppliers have products or services (such as Toll Producers) that directly impact TCA product quality. Class II suppliers are suppliers whose product impacts TCA's product quality and are purchased to standard specifications (off the shelf items).

When the supplier approval process is complete, the supplier is added to the TCA Approved Supplier List by the Procurement Manager and/or QA Manager. The Procurement Manager forwards the Approved Supplier Audit form to Accounting for setup in TCA's plant inventory system. After the setup is complete, TCA personnel may purchase the approved material from the approved supplier.

Annual re-evaluations shall be conducted to determine if a supplier is qualified to stay on the Approved Vendor List and remain active in the TCA inventory management systems. When suppliers do not meet TCA's expectations for quality and/or ethical standards, a Supplier Corrective Action Request (SCAR) will be issued to suppliers. TCA expects its suppliers to take immediate action upon receipt of a SCAR, including acknowledgement and implementation of containment action. When the SCAR is complete, the supplier shall return the form to the TCA Purchasing Department and QA Department. The supplier's immediate corrective actions and future improvement efforts shall be monitored by TCA management for acceptability. If the supplier corrective action plan does not meet TCA standards, a replacement vendor will be considered.

TCA's planned improvements to the supplier annual re-evaluations include the addition of ethics and business practices, of which Forced Labor and Child Labor elements are a part.

TCA's suppliers will be asked to provide policies and/or procedures that show they are not involved in Forced Labor and Child Labor and are proactively ensuring such practices are not present in their supply chains.

TCA's process for approval of new suppliers and re-evaluation will be revised to provide more details of ownership of the process, primary storage reports and audits, identification of departments that are required to receive approval notification/reports, and alignment of the process forms and procedures between TCA Greenwood and Rockwood facilities.

Training and Awareness of TCA Employees

Currently TCA employees receive training in October of each year on Ethics. Part of ethics training is being aware of Forced Labor and Child Labor (also referred to as modern day slavery practices).

TCA employees are encouraged to report suspected ethics violations to their immediate manager. If there is no response/action by the manager, the employee can report to the next level of management or call the "Teijin Compliance Line" which is posted throughout TCA facilities.

TCA improvements to its supply chain approval and re-evaluation process in FY2024 include:

- Development of red-flag indicators to detect the use of Forced Labor or Child Labor by a supplier. These red flags will be added to TCA's Supplier Approval Process program in FY2024. Indicators of Forced Labor (ILO) include awareness of suppliers' treatment of their employees to include vulnerability for abuse, deceptive restrictions of movement, isolation, physical and sexual violence, intimidation and threats, retention of identity documents, withholding of wages, debt bondage, abusive working/living conditions, and excessive overtime.
- Development of annual training for TCA employees involved in the physical audit of suppliers and/or virtual screening of suppliers for Forced Labor and Child Labor. Training will include ILO indicators, auditing company ethical policies on Forced Labor and Child Labor by screening the supplier's website and/or requesting policies and procedures that prohibit such practices.

TCA's Response to Reported Risks of Forced/Child Labor in Supply Chains

As of March 31, 2023, TCA has not faced situations of forced labor or child labor. TCA has not had to rectify such situations.

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 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 Fiscal Year 2023.

Print Full Name: Tetsuya Ito

Print Title: President of Teijin Carbon America, Inc.

Date: May 29, 2024

Signature: 
I have the authority to bind Teijin Carbon America, Inc.