

Chemspec, LTD. Bill S-211 Report Content

2025-05-27

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Introduction

Chemspec Ltd. (“Chemspec” or the “Company”) is committed to operating with integrity, transparency, and respect for human rights. In alignment with Canada’s *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “Act”), this report outlines the Company’s efforts during the financial year ending December 31, 2024 (the reporting year), to identify and mitigate risks related to forced labour and child labour across its operations and supply chains.

Chemspec operates as a Canadian business entity, with assets in Canada and doing business in Canada. The Company meets the reporting thresholds established under the Act, including criteria related to total revenue, asset value, and the importation and distribution of goods.

This report presents Chemspec’s approach to supply chain risk management and responsible sourcing for the reporting year. It highlights actions taken to assess and address human rights risks, in line with both regulatory expectations and the Company’s broader commitment to ethical business practices.

Section A: Structure, Activities, and Supply Chains

Chemspec operates as an American entity headquartered in Canton, Ohio and is owned by parent company Safic-Alcan SAS. Chemspec operates as a distributor of commodity chemical additives and specialty polymers within the North American elastomer mixing industry alongside coatings, adhesive / sealant, inks, and plastics. Additionally, Chemspec provides specialty ingredients for use in the cosmetic and personal care industry. Chemspec’s supply chain is detailed in Section C.

Section B: Policies and Due Diligence Processes

Chemspec prioritizes ethical business conduct and cultivating strong relationships with suppliers to preemptively mitigate risks such as the use of forced or child labour and other unethical practices within its operational and supply networks. Chemspec is determined to uphold ethical business principles and to continuously improve its supply chain due diligence protocols to mitigate the risk of forced or child labour, as demonstrated in section C of this report.

In accordance with Chemspec’s core tenet of ethical business practices, and that of its parent company, Safic-Alcan, it conforms to an existing code of conduct which respects labour and human rights and communicate expectations across the supply chain. The following labour and human rights expectations apply to all suppliers:

1. Guaranteeing compliance with applicable national laws and regulations of the country in which their workers are employed relating to wages, working ours, overtime, and benefits.
2. Respecting the rights of lawful association and recognizing the right to collective bargaining.
3. Protecting fundamental freedoms by preventing involuntary or underage labour or use of any form of child labour or other forced, bonded, or indentured labour, including human trafficking and modern slavery.

4. Creating a workplace free of harassment or offensive behaviour.
5. Informing Safic-Alcan if any of the minerals integrated into the products supplied fall into the category known as “conflict minerals”. If so, suppliers are to provide the legally required information to ensure they meet international standards of minerals responsible sourcing.

Protection of Health and Safety Guidelines for Third Parties:

1. Providing appropriate worker protections for their employees
2. Maintaining process safety programs to prevent or mitigate catastrophic events including but not limited to fire, accidents, and natural disasters.
3. Conducting risk assessment and implementing emergency preparedness plans and response procedures
4. Avoiding the use of hazardous substances. In the event no alternative is available, suppliers shall ensure their handling and disposal.

Section C: Forced Labour and Child Labour Risks

In the reporting period, Chemspec commenced due diligence to identify risks in its supply chain related to child or forced labour. The due diligence process was repeated in May 2025. This process leveraged insights from authoritative sources such as the Walk Free Global Slavery Index. Through this systematic approach, Chemspec isolated potential risks associated with specific countries in its supply chain. The objective of the risk assessment initiative is to identify potential areas such risks could manifest, enabling Chemspec to implement proactive risk management if and where necessary. Recognizing the widespread risk of forced and child labour across various industries, the assessment acknowledges vulnerabilities inherent in specific geographies of the supply chain, particularly in regions where regulatory frameworks and enforcement mechanisms may be less stringent.

Risk Assessment Findings

Chemspec’s global procurement activities span 21 countries, with the highest levels of spend concentrated in the United States, China, Spain, and Malaysia.

Chemspec conducted a review of country-level risk indicators based on the Global Slavery Index to better understand where vulnerabilities to forced and child labour may exist across its supply chain. This review identified India as a high-risk sourcing country, given both the scale of its affected population and systemic labour concerns. Malaysia, Mexico, as well as China also presented elevated levels of risk, based on modern slavery prevalence rates.

The United States, Chemspec’s largest sourcing market, was considered low risk. Other countries from which Chemspec sources—including Japan, Canada, France, Germany, and Switzerland—were also assessed as low risk based on available global data and established governance practices.

Chemspec will continue to monitor related risks in its supply chain in jurisdictions with heightened risks of forced and child labour.

Section D: Remediation Measures

During the reporting year, Chemspec did not identify any instances of forced labour or child labour within its operations or among its direct suppliers. As no cases were detected, no remediation measures were required or implemented during this period.

Should credible indicators of forced or child labour be identified, Chemspec will act appropriately to investigate and address the issue. If any corrective measures are required, they will focus on safeguarding the welfare of affected individuals and preventing recurrence.

Section E: Remediation of Loss of Income

Throughout the reporting year, Chemspec did not identify any instances of forced labour or child labour within its operations or supply chains. As a result, no remediation measures were necessary, and no actions were taken to address potential loss of income to vulnerable families that might otherwise result from the elimination of such practices.

Chemspec acknowledges, however, that corrective actions—when required—may have unintended economic consequences for individuals or communities that are economically reliant on supply chain activities. The Company remains committed to implementing responsible responses should such circumstances arise. Any future remediation efforts will prioritize the well-being of affected individuals and aim to mitigate any associated economic harm.

Section F: Training

Chemspec recognizes that employee awareness is essential to maintaining effective supply chain oversight and ensuring alignment with ethical sourcing standards. While the Company did not implement formal or targeted training programs on the risks of forced labour or child labour during the reporting year, it continues to monitor relevant developments, including regulatory updates and industry-specific risk trends.

Section G: Assessing Effectiveness

During the reporting year, Chemspec did not conduct a formal review of the effectiveness of its measures to prevent or mitigate the risks of forced labour or child labour and the Company did not implement specific processes to evaluate the impact of its risk management approach in this area.

Chemspec acknowledges that regularly assessing the adequacy and impact of its mitigation strategies is important to achieving meaningful and sustained progress and is prepared to develop and implement



appropriate effectiveness assessment mechanisms in future reporting periods—particularly in response to changes in risk exposure or evolving regulatory expectations.

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 this report for the entity listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information contained in this report is true, accurate, and complete in all material respects for the purposes of the Act, for the reporting year indicated.





X AARON SHAFER

Full Name

X CEO

Title

X 6/2/2025

Date

X [Handwritten Signature]

Signature*

*Signature, accompanied by the statement "I have the authority to bind 'Chemspec Ltd.'"

