

# FORCED LABOUR & CHILD LABOUR REPORT - 2024

## 1. INTRODUCTION

This report is made in compliance with Canada's Fighting Against Forced Labour and Child Labour in Supply Chains Act by InterAtlas Chemical Inc., an Ontario corporation, the parent company of which is 1882818 Ontario Inc.

This report has been prepared for the fiscal year ended October 31, 2024.

Forced labour and child labour are significant human rights concerns that trouble supply chains globally. As a responsible corporate entity, InterAtlas Chemical Inc., a chemical distribution company with global vendors and clients, is committed to upholding ethical standards and preventing forced labour and child labour in its supply chains and operations, whether in Canada or elsewhere. Our materials are sourced from several countries and continents. Our policies and new vendor review processes enforce these standards and we continue to improve on these policies as our business grows.

At InterAtlas, our goal is to provide our customers with long term security of supply for their critical raw materials, regardless of where the materials are produced. The company is run by a group of professionals with extensive experience in trading, logistics, finance, and risk management. We are committed to operating in a safe, ethical, inclusive, transparent, and socially and environmentally responsible manner. This includes respecting human rights.

As a responsibility of our involvement in global supply chains, InterAtlas takes the necessary steps to enforce our standards and prevent forced labour and child labour from being present in our supply chains and our business.

## 2. WHO WE ARE – VISION, MISSION, AND VALUES

InterAtlas is based in St. Catharines, Ontario, Canada and has been a trusted supplier of chemical intermediates and raw materials to chemical manufacturing companies for over 20 years. InterAtlas offers a short list of products to our diverse customer list for a wide variety of end uses including, but not limited to, Paints & Coatings, Oil & Gas, Plastics, and Specialty Chemicals.

At InterAtlas, we are committed to continuous improvement in all aspects of business and personal life. We take the necessary steps to implement policies and procedures that align with local regulations and law. Our goal is to exceed expectations and prevent issues before they happen.

## 3. OUR SUPPLY CHAINS

To external eyes, our supply chains might look complex, however our success is built from simplifying supply chains for a short list of products and manufacturing facilities. Our approach to procurement is to find reliable and competitive manufacturers whose business mentality and culture align with our own. For each of our products, we purchase the majority of the volume from a single manufacturing facility, which allows the supply chain to be developed in a repeatable manner, typically utilizing the same responsible parties for each shipment once the supply chain is established. All shipments are tracked once the material leaves the manufacturing facility, and any

third parties with whom we contract are screened to ensure there is no evidence of business practices that are contrary to our values or policies.

Our imports during the current reporting period were of a very similar nature to those noted in last year's report. We predominantly imported intermediate chemicals to Canada from South Korea, Turkey and Spain, as well as few others in small quantities. Further information on trade volumes or proportions may be made available upon written request.

#### 4. RISKS OF FORCED LABOUR OR CHILD LABOUR IN OUR SUPPLY CHAIN

InterAtlas has policies and procedures to perform due diligence regarding our suppliers, identifying and responding to real and potential adverse impacts of activities throughout the supply chain. Our *Child and Forced Labour Risk Assessment, Supplier Assessment Questionnaire, Forced Labour Questionnaire, Social Responsibility Program, and Social Compliance Declaration* is a set of procedures and tools used by the company to:

- Identify and assess adverse impacts in operations, supply chains and business relationships
- Prevent or mitigate adverse impacts, or cease activity
- Track implementation and results
- Communicate how impacts are addressed
- Provide for, or cooperate in, remediation when appropriate

InterAtlas updated its procedures and policies in 2023 to address forced labour and child labour in our supply chains. The Child and Forced Labour Risk Assessment incorporates a set of procedures to classify such risks into four different levels according to the table below:

THREAT CLASSIFICATION	ASSESSMENT
No Risk = 1	No risk / No recent occurrence / No intelligence information
Low Risk = 2	Low risk / No recent occurrence / Some intelligence information
Medium Risk = 3	Medium risk / Recent occurrence / Intelligence information / But no direct risks
High Risk = 4	High risk / Recent occurrence / Intelligence information / Direct risk

The geographical location of InterAtlas' Suppliers is taken under analysis against governmental authorities reports, NGO's and UN reports for forced labour. Then, the products being targeted in such countries as being produced, manufactured, or mined by forced labour are considered. To obtain such information, InterAtlas accesses the following websites:

- <https://www.dol.gov/agencies/ilab/better-trade-tool>
- <https://www.dol.gov/agencies/ilab/reports/child-labour/list-of-goods>
- <https://www.cbp.gov/trade/forced-labour/withhold-release-orders-and-findings>

This process can also involve reviewing supplier contracts, collecting data from InterAtlas' *Social Responsibility Questionnaire*, and incorporating the use of trade data which can indicate higher risk products, producers, and countries. When performing the threat risk assessment, the above-mentioned websites are used as the main source of information. Websites used as additional resources with reports about human rights violations, including forced labour and others, include:

- UNO - <https://www.unodc.org>
- WalkFree - <https://www.walkfree.org>

Once these websites and their search tools have been accessed, InterAtlas starts to collect the data in accordance with suppliers' country/region, and products, while classifying the threats in accordance with the Threat Assessment table.

When classifying the forced labour threat factor according to the Threat Assessment table, the following rationale is applied:

- **No Risk (1)** is when neither location nor type of products were targeted by authorities as making use of the prohibited kinds of work and there is no information related to other factors that may lead to forced labour, according to the International Labour Organization (ILO).
- **Low Risk (2)** is when neither location nor type of products were targeted by authorities as making use of the prohibited kinds of work, but other factors that may lead to forced labour, according to the International Labour Organization (ILO), such as suppression of workers' rights, human trafficking, absence of employment contracts, etc, have been reported.
- **Medium Risk (3)** is when only one of the location or type of product was reported as having prohibited types of work in place.
- **High Risk (4)** is when both the location and type of product is reported as having prohibited types of work in place.

For suppliers classified as Medium or High Risk, the following procedures are applied:

**Medium Risk** partners undergo an expanded vetting process to ensure their values and policies in regard to forced labour and child labour are consistent with our own, despite either their location in a risky region or involvement in a risky product. First, the supplier's website is scrutinized for evidence of a documented Social Responsibility program addressing strong policies on human rights. Next, evidence of compliant participation in internationally recognized supply chain security programs requiring certain minimum controls to be in place, such as AEO and CTPAT, is sought. In the absence of both a posted acceptable Social Responsibility program and lack of proven compliance with a scrutinized supply chain security program, the supplier is invited to declare their compliance with InterAtlas' **Social Compliance Program** through the **Social Compliance Declaration** if this is not already established by contract. Discussions are then held with direct contacts to

confirm both adherence to their Company's policies and alignment with ours. Our representatives make visits from time to time to validate such adherence and alignment.

- *While InterAtlas has not identified any of our partners as being in the **High Risk** category to date, we have developed a detailed plan for addressing this situation in case it should arise, as described below:*

**High Risk** partners are required to declare their compliance with InterAtlas' **Social Compliance Program** through the **Social Compliance Declaration** and will be required to answer the **Social Compliance Questionnaire**, providing also all documentation, procedures, and policies to validate their answers. If the answers are satisfactory and validated through documentation, the Supplier will be reassessed as Medium Risk. Our representatives will make visits from time to time to verify compliance. If the Supplier in a High Risk situation provided unsatisfactory answers, according to the international conventions on forced labour indicators, or does not provide enough documentation validating their answers, they will be considered as High Risk and will be invited to either receive an auditor or cease the relationship.

InterAtlas is responsible for ensuring that serious Social Compliance Program infringements identified by auditor(s) during the visit to suppliers marked as **High Risk** for forced labour are effectively addressed in a timely manner. The process for audit reporting and implementing corrective and preventive action includes the following elements:

1. The auditor will notify InterAtlas of any serious issue (e.g., passport withholding, workers locked in their accommodation, etc.) immediately upon identification. InterAtlas will then contact the supplier to ensure that remediation actions are promptly taken, and future risks are mitigated.
2. InterAtlas is responsible for promptly notifying the supplier of the specific nature of the identified issue and the measures and timeframe to address them.
3. **Audit Report.** The auditor will submit a written audit report to InterAtlas after completing the on-site assessment. The report will contain a description of the audited facility/operation, a summary of the audit process, and detailed information and supporting evidence on all findings, compliant and non-compliant. The findings must be described clearly as the report serves as the basis for the supplier's corrective action plan.
4. **Corrective Action Plan will:**
  - ensure that the audited supplier, subcontractor, or agent submits a Corrective Action Plan to InterAtlas within one month of completion of the on-site audit.
  - review and approve submitted Corrective Action Plans to verify that corrective actions have been taken for any egregious findings.
  - ensure all findings are addressed.
  - ensure root causes have been identified.
  - ensure corrective and preventive actions are appropriate.
  - ensure corrective actions have been addressed.

In circumstances where the law infringement is assessed to be egregious, supplier will be closely monitored for a determined time. The procedures below will be adopted according to InterAtlas' discretion and seriousness of the infringement:

- If any egregious findings are identified during the audit, the first progress report must be submitted no later than 30 days after discovery and should clearly identify how the issue is being addressed, including copies of supporting evidence;
  - Suppliers will be required to submit monthly status reports to track and follow-up on corrective and preventive actions, until all non-conformances have been corrected, evidence of completion has been submitted (e.g., by reviewing documents or photographs provided by the supplier), and closure of egregious issues has been verified by follow-up audit;
  - InterAtlas will then schedule a follow-up audit at the earliest opportunity to verify closure of the item(s), or to verify corrective actions that can only be evaluated through worker interviews and on-site documentation reviews. Closure audits should be performed within 60 days of identification of the egregious finding;
  - InterAtlas will ensure that no new contracts or new orders are placed with the offending Supplier until any egregious issues have been independently verified as being effectively addressed.
5. **Frequency of Re-audits.** Once remediation of all egregious findings has been verified by follow-up audit, InterAtlas will arrange to have the supplier undergo another Self-Assessment in two years. If egregious findings are not satisfactorily addressed by the closure audit, prospective suppliers will not be approved for use and current suppliers will not receive new orders or be eligible for contract renewal and will be considered for contract termination.

## 5. OUR BUSINESS AND SUPPLY CHAIN RISKS, ASSESSMENT AND MANAGEMENT

The Risk Assessment allows us to consider the level of risk associated with each of our supply chains focusing on the country of origin of each supplier and the product we obtain from them. As an importer, it is essential to assess the risks of a given country while doing business with its companies. Any new information and reports produced by governmental entities, NGO's or other agencies from Europe, Canada, USA, or the countries of our suppliers, are taken into consideration as well as the information provided by the above-mentioned databases.

In 2024, the majority of our Canadian imports were sourced from one supplier in each of South Korea, Turkey and Spain, with minimal imports also from The Netherlands and USA. Based on our 2024 Risk Assessment, only one of these supply chains represented a Medium Risk in relation to forced labour and child labour due to their location, but not the goods being manufactured.

Turkey (34% of 2024 imports) is classified as Medium Risk / Recent Occurrence / Intelligence Information / But no direct risks. Turkey is listed on 2024 TVPRA and appears on Better Trade tool search as a country where child labour is being employed to produce the following goods: citrus

fruits, cotton, cumin, footwear, furniture, garments, hazelnuts, peanuts, pulses (legumes), and sugar beets. The chemical industry is not directly or indirectly involved with any of these goods, therefore, there is no current direct risk indicated. With awareness of a potential regional risk, our supplier vetting process has included discussions to communicate our stance on forced labour and child labour and to confirm their alignment. This supplier has provided evidence of compliant participation in an AEO program in Turkey, indicating independent vetting of basic minimum business standards and controls. We have reviewed the Sustainability section of the Supplier's website in depth, which indicates commitment to a strong Social Responsibility program and specifically to a Human Rights Policy within their supply chains and among all stakeholders. As all the information collected is consistent with InterAtlas' stance on forced labour and child labour, we continue to participate in this supply chain with utmost confidence.

## 6. MEASURES TAKEN TO REMEDIATE THE LOSS OF INCOME TO THE MOST VULNERABLE FAMILIES

As of the date of this report, InterAtlas has not identified any forced labour or child labour within our supply chains.

In the event that we were to identify forced labour or child labour within one of our supply chains, we would take immediate remediation measures, beginning with working closely with any offending parties to address the concerns, providing remediation support and then implementing increased monitoring practices to ensure continued compliance and prevent recurrence. If the offending party were unwilling to participate in these remediation measures, we would consider immediately ceasing all activity with them.

## 7. THE TRAINING PROVIDED TO EMPLOYEES ON FORCED LABOUR AND CHILD LABOUR

As a small private company operating with 20-25 employees and heavily centralized management, training in forced labour and child labour continues to be concentrated towards the Executive Team, at least one of which is directly involved in the selection of every new supplier, as well as certain staff members who assist in supplier outreach or the monitoring of these policies and procedures.

This year's mandatory annual refresher course was provided by MNP and focused on the specific requirements of the Act as well as the related reporting requirements. Select trainees also studied the updated Government of Canada *Guidance for entities* that was made available in November 2024 and provided further clarity following the implementation of the requirements in 2023. As we have not identified any forced labour or child labour within our supply chains and continue to focus our Canadian imports on previously vetted suppliers, we plan to continue to focus our training on these annual refresher courses. We plan to expand the trainings to include select other staff members involved in sourcing to ensure that anyone making direct, regular contact with our suppliers has the tools to identify changes in risks or instances of non-compliance with our policies.

## 8. ASSESSMENT OF EFFECTIVENESS

InterAtlas assesses its effectiveness in preventing and reducing risks of forced labour and child labour in our activities and supply chains through an annual review of the procedures described above, by at least one member of the Executive Team.

The purpose of the review is to ensure there is evidence that all the above procedures were followed, and that there is no evidence to suggest that the procedures failed to result in the intended outcome of preventing forced labour or child labour in our supply chains.

The review begins with an examination of our import activity to ensure that all suppliers from which we imported material into Canada during the past year have been included in the Risk Assessment. The results of the Risk Assessment are read and reconsidered to ensure the risk of forced labour and child labour was appropriately assessed in each supply chain based on the source location and product, with file notes read for evidence that appropriate follow-up steps were taken to ensure satisfactory follow-up regarding of any suppliers deemed to carry Medium or High Risk.

The assessment concludes with a final meeting among the executive team to review a draft of this report, to discuss their collective experience with each of the suppliers over the past year, and to consider whether there have been any interactions with staff or third parties that should bring any particular supply chain under further scrutiny to confirm the absence of forced labour and child labour.


## 9. ATTESTATION

In accordance with the requirements of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act (Act)*, and in particular section 11 thereof, I, in the capacity of Chief Executive Officer, attest that I have reviewed the information contained in the report on behalf of the governing body of 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 year listed within this report.

**Name:** Alex Van Zijl

**Position:** Chief Executive Officer

**Date:** May 29, 2025

**Signature:** 

I have the authority to bind InterAtlas Chemical Inc. and 1882818 Ontario Inc.