



Montreal, April 8th, 2024

I. Introduction

This report was prepared by Recochem Inc., a company existing under the laws of British Columbia, ("Recochem") in accordance with the requirements of the Canadian *Fighting Against Forced Labour and Child Labour in Supply Chains Act* ("the Act").

Recochem aims to maintain a high standard of ethical business practices. We recognize the importance of upholding human rights and we are committed to doing our part in combating forced and child labour (sometimes referred to as modern slavery) in our operations and supply chains.

This report describes the actions Recochem has taken to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods by Recochem, or of goods imported into Canada by Recochem, during the company's most recently ended financial year starting May 1st, 2022 and ending April 30th, 2023. This report also discusses some subsequent initiatives undertaken by the company to enhance its processes in this area since April 30th, 2023, which will be addressed in more detail in next year's report.

II. Our Company – Structure, Activities and Supply Chains

Recochem was founded by Joseph Kuchar in 1951 in Montreal, as a manufacturer and distributor of naphthalene products. Today, we manufacture and distribute a variety of products, offering solutions primarily in the automotive after-market, thermal management and household products industries. Our product range includes coolants, anti-freezes, windshield washer fluid, and automotive care products designed to enhance performance and efficiency in a variety of applications.

Recochem employs over 500 employees in Canada. We operate manufacturing and distribution sites across Canada, including in Quebec, Ontario, Alberta and British Columbia, a research and development laboratory in Alberta, and a manufacturing facility in Australia. Recochem sources materials and equipment from a variety of suppliers across different geographic regions.

III. Our Mission and Core Values

Recochem's stated mission is to be a global solutions provider in the areas of thermal management, emissions control, automotive appearance chemicals, and safety, as well as offering household solutions. We are committed to being a strong corporate leader by partnering with our customers and suppliers to find solutions for our customers' needs. We respect our environment and provide a safe workplace that offers growth opportunities for our employees.





Our core values are the foundation of our corporation and lead our business:

- Deliver value to our Customers
- Focus on Safety, our Environment and Quality
- Maintain Integrity
- Act with a Sense of Urgency
- Teamwork and Mutual Respect

We believe that acting with integrity is essential to maintaining our high standards of ethical business behaviour.

IV. Risk of Forced Labour and Child Labour in Our Supply Chains

Recochem's manufacturing operations, located in Canada and Australia, are conducted in compliance with all labour and human rights laws applicable in those jurisdictions. Accordingly, Recochem currently views the risk of forced and child labour in its own manufacturing operations to be low, but remains vigilant to monitor for any changes in circumstances that could increase risk.

Like most manufacturing companies, Recochem sources materials and equipment from a variety of suppliers in different geographic regions around the world. Recochem may not have full visibility into the respective upstream supply chains of its suppliers. The company acknowledges that there is risk that exploitative labour conditions, including forced labour and child labour can occur at any stage of the upstream supply chains, with risk level varying based on factors such as product category, country/region of manufacture, and the nature and sophistication of the governance frameworks and internal policies and due diligence procedures implemented by each supplier in the chain.

V. Policies and Due Diligence Processes to Address Forced and Child Labour Risk

Recochem's *Social Compliance Policy*, which was adopted in 2021, reflects our commitment to maintaining fair and lawful employment practices which respect every employee's human rights. The policy articulates the fundamental importance of operating in a socially responsible and ethical manner and of compliance with laws and regulations to the success of our business, including:

- Adopting fair employment practices;
- Providing a safe workplace for all employees;
- Providing fair compensation, benefits and working conditions to all employees;
- Ensuring that employees have freedom of association, including for collective bargaining;
- Ensuring that employment at Recochem is freely chosen and that legal employment eligibility is verified prior to hiring;





- Commitment to compliance with Canadian laws, standards, and practices as well as international standards;
- Ensuring that employees have the opportunity to report human rights issues freely and confidentially; and
- Fostering environmental sustainability in our operations.

It is the responsibility of Recochem's Director of Human Resources, through regional Human Resource Business Partners (i.e., internal HR managers), to ensure that the *Social Compliance Policy* is communicated to all employees and that grievance reporting mechanisms are in place.

The *Social Compliance Policy* states Recochem's expectation that our vendors and business partners throughout our supply chain will adhere to the principles described in the policy and also that the policy is extended to and reinforced upon Recochem's third party recruitment agencies.

In November, 2023, after the FY2023 reporting period covered by this report, Recochem adopted a Global Code of Ethics and Business Conduct ("Code of Ethics") which specifically addresses the issues of forced and child labour. It specifies that Recochem is committed to respecting human rights and strictly prohibits the use of child labour and forced labour in its operations and supply chains, and that any use of child labour or forced labour is in direct violation of the Code and will be subject to disciplinary action and potentially termination of our business relationship, as will any other violation of human rights or applicable labour laws. The Code encourages employees and business partners to be vigilant and ask questions if they suspect any instance of child labour and/or forced labour, and to immediately report any suspicions or instances of child labour or forced labour either internally or within a supplier or stakeholder to the Human Resource Business Partner and a member of Recochem's Legal Team.

Starting in FY2024, our Code of Ethics applies to everyone working at Recochem and our global affiliates, as well as to our suppliers, customers and other business partners and directs stakeholders on what to do if instances of forced or child labour are discovered. We seek to do business with partners who maintain high standards of integrity and commitment to human rights in our operations and supply chains and we are clear on our behavioural expectations from our employees and business partners in this regard.

VI. Actions Taken to Combat Forced and Child Labour in our Supply Chain

Recochem condemns modern slavery in all its manifestations and is committed to taking proactive steps to prevent and address these issues. During the reporting year ended April 30, 2023 that is the subject of this report, Recochem's steps to prevent and reduce forced labour and child labour risk were focused on compliance with applicable labour and employment laws and workplace human rights protections applicable to Recochem's operations.

In the months since the end of the FY2023 reporting period, Recochem has introduced a number of new initiatives and process improvements to its modern slavery due diligence, including the following key elements:



- (1) **Employee Training** – Recochem delivered Code of Ethics training in February and March 2024 that included instruction to employees on identifying and preventing instances of modern slavery in our operations and supply chain. Further trainings on the Code of Ethics will be conducted going forward as determined by the company's Legal Team.
- (2) **Supplier Due Diligence and Audits** – In the late fall of 2023, Recochem's procurement team introduced an additional questionnaire to supplement our existing supplier audit process to address suppliers' forced labour and child labour risk as part of our quality control audits, including with respect to modern slavery issues. The company is working on developing a risk-informed regular audit schedule for existing suppliers to ensure ongoing compliance. We also introduced supplemental due diligence steps in our new supplier on-boarding process in which we request and evaluate information about prospective suppliers' forced labour and child labour compliance procedures.
- (3) **Contractual Protections** – We updated our standard Purchase Order Terms and Conditions with our suppliers ("PO T&Cs") to include a clause prohibiting any form of child labour and forced labour within the supplier's supply chain and business operations. Our PO T&Cs also stipulate that we can terminate an order, upon written notice and without cause or liability, should the seller breach any obligations outlined in our PO T&Cs including our policies and requirements for compliance with laws and regulations, as well as in the event of any breach of representations or warranties made by the seller.

VII. Remediation Measures

During the FY2023 reporting period, Recochem did not identify any instances or significant risks of modern slavery in its operations or supply chains that would necessitate remediation measures. The company accordingly did not undertake any measures to remediate the loss of income to the most vulnerable families resulting from any measure taken to eliminate the use of forced labour or child labour in our activities and supply chains, as such measures were not considered to be applicable. We remain vigilant in assessing risk on an ongoing basis to identify circumstances in which remediation may be required.

VIII. Assessing Effectiveness

During the FY2023 reporting period, Recochem did not have any formal processes in place to evaluate the effectiveness of our compliance processes with respect to forced labour and child labour risk. In recent months, we have been actively reviewing our forced labour and child labour policies, procedures and due diligence practices to identify areas of improvement (as discussed briefly in section VI above). These efforts will be discussed in greater detail in next year's report and will include consideration of ways that the company can evaluate the effectiveness of existing procedures on an ongoing basis.



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.

Full name:

Shawn Lewis Davies

Title:

President

Date:

April 8th, 2024

I have the authority to bind Recochem Inc.:

