



# **MODERN SLAVERY ACT TRANSPARENCY REPORT 2024**

# INTRODUCTION

The California Transparency in Supply Chains Act of 2010, the UK Modern Slavery Act of 2015, the Australia Modern Slavery Act of 2018, and Canada's Modern Slavery Act of 2023 require certain commercial organizations to be transparent about efforts undertaken to identify and eradicate modern slavery and human trafficking from their supply chains and operations.

Xypex is fully committed to upholding and respecting human rights, maintaining high ethical standards in all of its operations, and incorporating such beliefs into its supply chain practices. As such, Xypex does not tolerate forced labour, child labour, modern slavery or human trafficking in any form. Xypex adheres to its long-established core values to guide every Xypex interaction and to define the conduct and behaviour that enhances the trust, confidence, and long-term relationships with our customers and our international team of licensees and distributors.

This Modern Slavery Act Transparency Report 2024 is issued on behalf of Xypex Chemical Corporation, and all of its worldwide subsidiaries for the financial year ended December 31, 2024.

## **XYPEX'S GLOBAL BUSINESS AND SUPPLY CHAIN**

Xypex Chemical Corporation ("Xypex") is one of the world's leading manufacturers of products for the waterproofing, protection, and repair of concrete structures. For over 50 years, we have followed a path that positions us today as a company whose exemplary product and service quality garners the respect of the construction world's best – the architects, engineers, contractors and concrete producers who place a premium on proven quality and reliability.

Xypex is a privately-owned corporation operating under the Laws of the Province of British Columbia. Xypex owns, licenses and operates manufacturing facilities primarily located in North America, South America, UK, Europe, China, India and Australia. The facilities are strategically located to efficiently service our global customer base. Xypex's manufacturing model allows us to have direct control over the sourcing of raw materials and oversight over the distribution of a finished goods. Xypex has visibility and quality control processes to monitor risks in its supply chain.

For more information on Xypex, please refer to: <https://www.xypex.com/about/contact-us/head-office/>

## **XYPEX POLICIES AND PROCESSES**

Xypex's Employee Handbook and Health and Safety Manual, applies to all Xypex employees in all of Xypex's worldwide subsidiaries, and sets out Xypex's standards of integrity and expectations for ethical behaviour. The Employee Handbook serves as an affirmation of Xypex's commitment to fair labour practices in the workplace, as well as a framework in guiding the company's operations and business practices throughout the world. It also serves as a guide to help employees make decisions that are consistent with Xypex's core values and principles.

In addition to the Employee Handbook and Health and Safety Manual, Xypex maintains a Supplier Code of Conduct, which addresses its core principles in the following subject areas: (i) Employment Relationship; (ii) Child Labour; (iii) Forced Labour; (iv) Compensation; (v) Hours of Work/Overtime; (vi) Health and Safety; (vii) Environment; (viii) Harassment or Abuse; (x) Discrimination; and (xi) Implementation and Monitoring. All Xypex employees and business partners are required to adhere to principles set forth in the Supplier Code of Conduct.

## **HOW XYPEX MONITOR RISKS AND ADDRESS ISSUES**

Xypex monitors human rights-related risks as part of an annual risk assessment, due diligence and regular site visits of its vendors and licensed manufacturers.

Human rights due diligence's primary purpose is to prevent and act on potential and actual adverse human rights impacts in Xypex-operated facilities and those of our raw material producers facilities. Our due diligence process combines a quality, operational, compliance and risk-based approach involving five key steps:

1. Identify country risks, as well as human rights risks specific to countries and production processes
2. Assess and evaluate each vendor against these risks
3. For low risk vendors (including vendors who file reports publicly on their statement to promote human rights), require that they read and sign off on Xypex's Supplier Code of Conduct
4. For high risk vendors (due to country risk or production process), require that they read and sign off on Xypex's Supplier Code of Conduct and audit their facilities every 2-3 years
5. If issues are identified, mitigate and remediate human rights risks and impacts in our supply chains by working collaboratively with stakeholders to implement remediation
6. Monitor and communicate by verifying and validating progress and efficiency through our Supply Chain function

## **MONITORING XYPEX-OPERATED AND RAW MATERIALS VENDORS**

We take measures to identify, prevent, and mitigate the risk of human rights violations in both our own facilities and vendors of raw materials. When initiating a commercial relationship with a raw material manufacturer or at renewal, the vendor is required to sign the Xypex Supplier Code of Conduct.

## **RISK MITIGATION**

Xypex periodically conducts materiality assessments to identify and address actual and potential human rights risks that are inherent in our operations and impacting our industry generally at large. These assessments include the involvement of and/or consultation with relevant stakeholders throughout our supply chains.

## **IDENTIFYING MATERIAL RISKS**

Xypex's management reviewed risks surrounding our supply chain and production facilities and identified two material risks:

Child Labour is a general human rights risk in the manufacturing industry. Children are vulnerable to abuse and exploitation and require social protection. Tracking raw materials production, especially in specific countries where GDP per capita is significantly lower than Canada, to identify potential child labour indicators in remote manufacturing plants remains a challenging risk to monitor.

Forced Labour and Human Trafficking have evolved over time to cover a number of situations. Today, debt bondage is one of the most common forms of forced labour. A worker may be bonded to employment as a condition of repaying terms of a debt to a third-party or to an employer. The use of prisoners as forced labour by subcontractors or suppliers in the manufacturing or finishing of our products, including the sourcing of materials, is another risk we monitor. Compulsory overtime is another form of forced labour risk that Xypex and its supply chains partners face. Compulsory overtime occurs when workers find themselves without the power to decline or refuse overtime without fear of repercussion or reprisal. Our Code of Conduct clearly states that overtime must be voluntary, and we investigate all allegations to the contrary.

While Xypex's vertically integrated business model allows us to better monitor these risks in our supply chains, we take additional steps to monitor these risks.

## **XYPEX'S AUDITING PROCESSES**

Following the initial risk assessment and due diligence review described above, as part of our ongoing monitoring process, interviews and site visits are performed by supply chain employees of Xypex, at Xypex's raw material vendors and Xypex-owned manufacturing facilities.

Xypex's facilities are also subject to audits from Local Regulatory authorities for health and safety and through Xypex's ISO 9001 quality certification program. Xypex uses these procedures to help detect and prevent child labour and human rights violations as part of its ISO 9001 quality certification program.

## **REMEDIATION PROCESS**

In the event remediation is required, Xypex's Supply Chain Team works with local facility managers to provide recommendations on addressing potential human rights violations, make changes where necessary, and implement sustainable remediation solutions that are available for review and verification. All Xypex-operated facilities provide details and evidence of their remediations to the Supply Chain team within a prescribed timeframe, and remediations are subject to verification through follow-up audits.

Remediation process may include in-depth investigation to confirm the non-compliance, interviews with affected stakeholders, documentation review (i.e., trainings, policies, and procedures), and root cause analysis. This remediation is recorded through Xypex's ISO NCR tracking. A Non-Conformance Report ("NCR") is required for all non-compliances identified in an audit process. A NCR usually will include report and test on corrective actions, training attendance list, and evidence of review of a policy/internal procedure. Systematic follow-ups are conducted to verify progress made towards resolving the issues and to help the facility improve its overall performance and remain in compliance with our Code of Conduct.

## **CERTIFICATIONS**

To ensure that manufacturing contractors and suppliers respect and adhere to Xypex's commitment against slavery and human trafficking, Xypex requires a signed copy of the Supplier Code of Conduct from each manufacturer or supplier, as well as all applicable laws. Such certifications are explicitly included in the contracts signed by the manufacturing contractors and suppliers, and, if applicable, re-certified as part of their annual certification process. Furthermore, when a manufacturer or supplier has its own subcontractors or suppliers, Xypex also requires such manufacturer or supplier to provide written confirmation that forced labour is not present in its supply chain.

## **TRAINING**

Xypex requires all employees to certify compliance with Xypex's Employee Handbook. Employees receive Employee Handbook and Health and Safety training as part of the onboarding process through Xypex's online training portal or through in-person training sessions. All employees must complete an annual certification process and all new employees are asked to read, acknowledge, and certify that they will comply with our Code of Conduct when they join Xypex. Xypex's Code of Conduct includes our forced labour and child labour principles and aligns with internationally recognized standards.

## **COMPLIANCE AND ENFORCEMENT**

Xypex does not tolerate non-compliances of its prohibition against slavery and human trafficking policies. If such a non-compliance occurs, Xypex will take immediate remedial action to mitigate, address and resolve within the shortest possible timeframe. If such noncompliance is not promptly and satisfactorily remediated, with assurance of non-recurrence, Xypex reserves the right to take any further action, including, but not limited to, termination of employment, contractual relationship and/or notification to law enforcement agencies.

## **CONCLUSION**

Xypex's policies and practices described in this statement are fundamental to Xypex's everyday efforts to ensure that slavery and human trafficking do not take place in its supply chain and operations. Xypex understand that the risks associated with slavery and human trafficking continue to evolve, and all efforts to mitigate these risks and will continue to do so in the years ahead. These efforts, as well as this statement, are reviewed and approved by Xypex's Board of Directors, and will be updated annually.

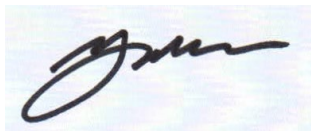
## APPROVAL

This report was approved by the Board of Directors of Xypex Chemical Corporation.

In my capacity as a Director, and not in my personal capacity, I make this attestation in accordance with the requirements of the Act.

In accordance with the requirements of the Act, I attest that I have reviewed the information contained in the report for the entity listed above. Based on my knowledge, and have 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.

Michael Hardman  
Chief Executive Officer, Director

A handwritten signature in black ink, appearing to read 'M. Hardman', is written over a light blue rectangular background.

May 23, 2025

“I have authority to bind Xypex Chemical Corporation Inc.”