



## 2023 Supply Chain Act Annual Report

This document constitutes the Annual Report (the “**Report**”) pursuant to Section 11 of the *Fighting Against Forced Labour and Child Labour Supply Chain Act* (the “**Supply Chain Act**” or the “**Act**”) and is filed on behalf of the following entity:

- **HarbisonWalker International Corp.**

(referred to hereafter as the “**Reporting Entity**” and “we”, “us” and “our”).

The Reporting entity’s financial year follows the calendar year. This Report therefore covers the Reporting Entity’s activities for the period January 1, 2023 to December 31, 2023.

We manufacture and distribute high quality refractory products.

The following sets out the steps we have taken to prevent and reduce the risk of forced labour and child labour in our supply.

- **Structure, activities and supply chains**

The Reportable Entity is a corporation incorporated under the laws of the Province of Ontario. Its registered office is located at 2689 Industrial Park Road, Smithville, ON L0R 2AD. Its business registration number is 450483-6.

We do not own any subsidiary companies.

We currently employ 64 people in Canada.

We are a wholly owned subsidiary of its US parent, HarbisonWalker International Holdings Inc. Starting from 16 February 2023, both companies are part of the group of companies, the holding company of which is incorporated under the laws of England and Wales, (the “**Calderys Group**”).



We have two manufacturing facilities and one distribution centre all located within Ontario. Our Smithville Ontario facility is a producer of High Purity Alumina / Basic MGO Castable, Well Fill Sands and Precast Shapes, Acton facility produces Fireclay Crucibles and Clay Based Insulating Brick.

Our distribution centre is also located within our Smithville facility and supplies the Canadian market with refractories from our sister plants. Our raw materials are supplied by various companies from the United States, Germany, France, China and South Africa.

A total of 15,246,90 kg of raw materials were imported into Canada via the US border in 2023. The raw materials imported were alumina; binder (cement and silicate); chromic (chromic oxide and chromic ore-foundry); insulating materials; magnesia and other chemicals; poly fibres, spinel and zircon.

In addition, we import finished goods from our US parent and our Mexican sister company. Canada and the United States are our largest markets, though we also export globally.

- **Policies and due diligence processes**

As we are now part of the Calderys Group, we apply its policies and due diligence procedures.

The Calderys Group is committed to protecting the health and safety of our employees, customers, suppliers, contractors, visitors and others affected by our operations. We do not condone forced labour and child labour and we comply with the Calderys Group Code of Business Conduct and Ethics, (the “**Code**”). Through the Code we are committed to meeting our obligations with regard to, amongst other things, Human Rights and the identification and eradication of forced and child labour in our supply chains. The Code is there based on internationally recognized best practices. According the Calderys Group commits itself to complying with the following:

- The 1948 Universal Declaration of Human Rights
- The United Nations Guiding Principles on Business and Human Rights



- The OECD's Guidelines for Multinational Enterprises
- The International Labour Organization's Fundamental Conventions

Additionally, although the Calderys Group has been advised that it does not fall within the ambit of the United Kingdom's *Modern Slavery Act 2015*, it has committed itself to complying with that legislation.

More specifically, we now apply the Calderys Group Purchasing Policy (the "**Policy**"). The Purchasing Department is responsible for ensuring the efficient operation of our supply chains which encompass three distinct phases of the supply chain, namely, purchasing, procurement and accounts payable.

The Policy requires all members of the Purchasing Department to be knowledgeable about the Code as well as associated policies, procedures and protocols and to apply ESG standards when evaluating the suitability of a supplier.

Before goods or services are purchased, the Purchasing Department undertakes a supplier ESG audit against the Supplier ESG Standards.

- Suppliers must be able to demonstrate that they can meet the Calderys' minimum ESG criteria and where any gaps identified by Calderys, through formal or informal assessments or audits, suppliers must be willing to develop a corrective action plan within an agreed timeframe.
  - We will verify alignment with ESG standards through the use of supplier self-declaration, self assessments, assessments by Calderys Group teams, and in designated high risk third party audits.
- **Risks of forced labour and child labour in our operations and supply chains**

Although we are not aware of any use of forced or child labour in our supply chains, the procedures set out in the Group's Purchasing Policy takes such risks into account during the supplier approval process. That said, we are aware that risks exist, in particular with regard to our imports from China. The Calderys Group and our US parent are particularly



sensitive to the requirements of the United States' *Uyghur Forced Labor Prevention Act 2021* (the "UFLP Act").

An informal review at Group level of the Calderys Group's Chinese suppliers, including those used by us, did not identify any suppliers based in the Xinjiang Uyghur Autonomous Region of the People's Republic of China. Furthermore, as noted above, imports of raw materials from China enter Canada via the United States and there has been no enforcement by the US Customs and Border Force under the UFLP Act in respect of such imports.

- **Our remediation processes**

Should a member of the Purchasing Team have a reasonable suspicion that a supplier is directly committing a serious violation of the supplier ESG Standards, or is sourcing from any party committing a breach of these ESG Standards, the Purchasing Team must report this to the Legal Department, the Ethics & Compliance Committee or Group Purchasing VP. Where appropriate the relationship with the supplier will be suspended or terminated.

We encourage our employees to remain vigilant to potential forced labour and child labour and escalate any concerns to management or through the independent 'Speak Up' helpline, where reports are reviewed and investigated. Staff who report such concerns are protected from retaliation. The helpline is also available to our external stakeholders.

- **Remedial action taken during 2023**

Roll out and strict application by us of the Calderys Purchasing Policy described above. We are not aware of any vulnerable families having suffered a loss of income as a result of our activities, therefore no measures in this area needed to be taken in 2023.

- **Our training**

The Group provides general training on business ethics and compliance, including training on our Code of Business Conduct and Ethics which, as noted above, encompasses the Group's aim to eradicate the use of forced and child labour. This training has been developed in-house and takes the form of classroom training lasting approximately half a



day. The training is compulsory and must be attended by all exposed staff, including middle and top managers. Our Canadian staff will do this training during the course of 2024.

- **Assessing our effectiveness**

We are not currently taking any action to assess our effectiveness in preventing and reducing the risks of forced labour and child labour in our activities and supply chains. However, going forward we expect that the Group's Internal Audit Department will undertake a review of the effectiveness of our supplier approval process.

### **Looking ahead**

The main focus on the Reporting Entity and its US subsidiary in 2023 was its integration into the Calderys Group. Going forward, the Calderys Group will be implementing a responsible purchasing program for its critical suppliers that will be required to undertake an ESG assessment through Ecovadis rating agency in order to identify the risks associated in our supply chain. Forced labour and child labour due diligence will be part of the assessment.

### **Approval**

This Annual Report was approved by the Board of Directors of the Reporting Entity on May 28, 2024.

### **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 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 year listed above.

Dated this 28<sup>th</sup> day of May 2024

**HarbisonWalker International Corp.**



John Oliveira  
Full name: \_\_\_\_\_

Director, I have authority to bind  
HarbisonWalker International Corp.

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*John Oliveira*  
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Ross C. Wilkin  
Full name: \_\_\_\_\_

Director, I have authority to bind  
HarbisonWalker International Corp.

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