



## ***Brenntag Canada Inc.'s Fighting Against Forced Labour and Child Labour in Supply Chains Act Report (2023)***

### **ABOUT THIS REPORT**

Brenntag Canada, Inc. ("**Brenntag Canada**"), has prepared this inaugural report (the "**Report**") pursuant to the requirements in the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "**Act**") for the financial year ending on December 31, 2023 (the "**Reporting Period**"). All references in this Report to the "Company," "Brenntag," "we," "us", or "our" refer to Brenntag Canada unless otherwise indicated. This Report has not been externally assured.

This Report describes Brenntag Canada's continuing efforts to promote supply chain transparency by outlining the steps we took during the Reporting Period to prevent and reduce the risk that forced labour or child labour ("**Modern Slavery**") is used at any step of our operations and services. This has been done in accordance with the mandatory reporting criteria outlined in Sections 11(1) and 11(3) of the Act.

Brenntag opposes all forms of Modern Slavery. Such practices contrary to Brenntag's five core values of care, clarity, excellence, trust and safety.

Brenntag Canada does not report under similar legislation in any other jurisdiction. However, other Brenntag affiliates or subsidiaries our ultimate parent company, Brenntag S.E, report in Australia under similar legislation. Our parent corporation, Brenntag S.E. is a reporting entity under the German Supply Chain Due Diligence Act (LkSG).

### **STRUCTURE, OPERATIONS AND SUPPLY CHAINS**

#### ***Brenntag Canada's Structure***

Brenntag Canada, headquartered at 43 Jutland Road, Toronto, Ontario, is a wholly owned subsidiary of Holland Chemical International B.V., whose ultimate parent company is Brenntag S.E. ("**Brenntag**"). Brenntag is a publicly traded company headquartered in Essen, Germany (ENR:BNR). Brenntag Canada was incorporated under the Canada *Business Corporations Act*, becoming part of Brenntag S.E.'s global network of subsidiaries (the "**Brenntag Group**").

Brenntag Canada is part of the North American segment at Brenntag, one of four highly integrated, geographically structured segments of the Brenntag Group. Brenntag Canada, has 31 locations across Canada, forming part of the approximately 600 Brenntag Group locations spread over 72 countries.

The Brenntag Group employs more than 17,500 people worldwide. We represent 3.8% of the global workforce, employing 660 individuals in our offices and warehouses in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia, and Newfoundland and Labrador.

## ***Activities and Operations***

Brenntag Canada offers individual chemical products as well as comprehensive solutions to clients operating in various industries. In addition to supplying raw chemicals, we offer a variety of chemical blending solutions tailored to customers' needs. Brenntag Canada manufactures customer-specific and own-brand chemical formulations in liquid or solid form. We also provide chemical packaging for various volumes and just-in-time delivery solutions to clients.

Our clients operate in various industries. Among these are the energy and mining sectors, the pharmaceutical industry, pulp and paper manufacturing, the agricultural industry and food product manufacturing, the beauty and the health product industry.

Our daily operations involve the activities associated with being a full-line chemical distributor of both industrial and specialty chemicals. We use logistics and transportation services and benefit from specialist support from subcontractors and manufacturers all over the globe. We acquire goods and services from our worldwide network to support delivery of products to customers within the life science, environmental and material science sectors.

## ***Our Supply Chains***

As part of the Brenntag Group, Brenntag Canada, is part of and manages complex supply chains, simplifying market access to thousands of products and services for both chemical manufacturers and consumers. The Brenntag Group is a partner to chemical manufacturers and roughly 180,000 customers worldwide.

The Brenntag Group's purchasing units have over 1,000 employees globally, including local and regional procurement teams, specialists in sourcing chemical products from Asia, and product managers for specific chemicals and customer industries. At various levels throughout the Brenntag Group, there are standardised processes in place for relationship management with suppliers. In selecting new suppliers and evaluating existing supplier relationships, labour and social standards play an increasingly key role for Brenntag. We actively encourage our suppliers to improve their sustainability performance in order to meet our high expectations.

Brenntag Canada imports large-scale quantities of industrial and specialty chemicals and ingredients from a large number of suppliers. We offer a product range comprising more than 20,000 chemicals sourced from hundreds of chemical suppliers across the world. Brenntag Canada purchases in wholesale quantities.

## **POLICIES AND DUE DILIGENCE**

### ***Responsible Partnerships***

As part of the Brenntag Group, we are a market leader in chemical distribution, and we support the Brenntag Group's understanding of its role in upholding human rights.

At Brenntag Canada, we abide by and benefit from Brenntag's policies and due diligence processes. Brenntag S.E. is a member of the UN Global Compact and committed to its [Ten Principles](#) for human rights, labour standards, fair remuneration, environmental protection and fighting corruption. Globally, the Brenntag Group works to ensure fair working relationships and acts as a responsible partner to suppliers, as we do here at home, in Canada.

## Responsible partner



To promote these relationships, the Brenntag Group has implemented various measures developed centrally by departments such as Sustainability, Legal and Compliance Brenntag Group. The key aspects and policies that help Brenntag Canada demonstrate respect for human rights and act as a responsible supply chain partner are as follows:

- Governance and Oversight Structure;
- Code of Business Conduct and Ethics;
- Supplier Code of Conduct;
- Living Wage Policy;
- Whistleblower Policy;
- Global Sourcing Organization; and
- Together For Sustainability.

### ***Our Governance and Oversight Structure***

As part of the Brenntag Group, we value responsible, future-oriented and sustainable corporate governance. The Brenntag Group shares a global governance and oversight structure that supports uniform compliance with regulations worldwide. It also includes region-specific oversight personnel to ensure flexible and local responses. At Brenntag Canada, we work closely with our regional peers, and with the Brenntag Group governance committees, and information is regularly shared between regions and the Brenntag Group.

The Senior Vice President ("**SVP**") Compliance & Privacy Brenntag Group reports once a quarter to the Board of Management and the Audit and Compliance Committee, and on a monthly basis to the Supervisory Board and to the CEO of the Brenntag Group. The Regional Compliance based in each Brenntag Group region, Managers including the one responsible for Brenntag Canada, who are assisted in their work by local compliance contacts, regularly exchange information and experience with the SVP Compliance & Privacy Brenntag Group and the regional management.]

### ***Code of Business Conduct and Ethics***

The central document to the Brenntag's compliance framework is the [Code of Business Conduct and Ethics](#). It encompasses the fundamental principles for the Brenntag Group's overall business activities in fields including, but not limited to, human rights and labour practices, health and safety, and foreign trade compliance.

As set out in the Code of Business Conduct and Ethics, the Brenntag Group is a signatory of the United Nations Global Compact initiative and has committed to incorporating its principles into our corporate culture. Brenntag respects and supports the protection of internationally proclaimed

human rights. We do not tolerate any behavior which violates human rights and will not be complicit in human rights abuses. This standard is applicable to our supply chain which is subject to supplier assessments and audits.

### ***Our Supplier Code of Conduct***

The [Supplier Code of Conduct](#) applies to any non-Brenntag entity that provides goods or services to the Brenntag Group, including products suppliers, service providers, distributors, agents, consultants, and others ("**Suppliers**"). Brenntag Canada, as with other Brenntag Group entities, expects that its Suppliers will adhere to its Supplier Code of Conduct.

Pursuant to the Supplier Code of Conduct, our Suppliers are expected to provide a workplace that is free from harassment, coercion, verbal abuse, and discrimination. We have zero tolerance for any kind of involuntary or forced labour, including but not limited to bonded, indentured, involuntary prison labour, or child labour, occurring within our supply chains. We expect that our Suppliers will observe all applicable laws and regulations. Relatedly, we expect that our suppliers will take measures to engage with the third party services which they employ or contract to communicate the expectation that they also act in accordance with the law and contribute to a work environment that respects human rights.

Further, we expect our suppliers to respect the rights of their employees to associate freely, seek representation, join works councils or unions, and engage in collective bargaining. Our Suppliers are required to take measures to ensure that third party services which they employ or contract also act in accordance with the law and contribute to a work environment free of harassment.

### ***2023 Living Wage Policies***

The Brenntag Group takes its commitment to equitable and respectful employment seriously. In 2023, the Brenntag Group implemented living wage policies specifying that the salaries of all Brenntag employees should meet living wage standards, which applied to Brenntag Canada. Brenntag works together with an organization that provides living wage data for all the countries in which Brenntag operates.

In accordance with the guideline, Brenntag completes an annual process to identify any living wage gaps (gap analysis), where remuneration at Brenntag is compared against the living wage data. Any gaps are to be permanently closed.

In some countries in which the company operates, the statutory minimum wages are less than an adequate income. In the Reporting Period, a gap analysis was again carried out together with external service providers with a view to determining where at Brenntag there are employees whose salaries do not meet living wage standards. Any gaps brought to light by the analysis were then closed by making appropriate salary adjustments, as a result of which no members of staff were employed below living wage standards at the end of the reporting period.

### ***Whistleblowing***

Employees and third parties can report human rights violations via the whistleblower line. In the Reporting Period, the global compliance department provided employees and third parties with new, additional whistleblowing channels for this purpose, accessible through Brenntag's various websites, including the website for Brenntag Canada.

The Brenntag Group also implemented a case handling system used primarily by the compliance and internal audit departments in the context of investigating reports.

As was also the case in the previous year, Brenntag did not receive any reports of human rights violations, including Modern Slavery, within the company in the Reporting Period.

### ***Global Sourcing Organization***

The Brenntag Group has a Global Sourcing Organization (the "**GSO**") that serves as the centre for sourcing industrial and specialty chemicals and ingredients from emerging markets to Brenntag's customers and subsidiaries globally. The GSO provides access to selected suppliers with quality products and value-added services who share in the Brenntag Group's commitment to quality, reliability, innovation, sustainability, and customer satisfaction. The Brenntag Group's GSO team holds offices in Beijing, Shanghai, Taipei, Mumbai, Singapore, and Seoul and is formed of 50 experienced and highly skilled specialists for the different industries who closely cooperate with Brenntag regions worldwide. The GSO audits producers and provides transparency of Asian supply chain cost, value, and risk.

### ***Together for Sustainability***

Since 2016, the Brenntag Group has been a member of the industry's Together for Sustainability ("**TFS**") initiative. One core element of the joint work within TFS involves audits or online assessments of companies in various industries, including the chemical industry.

The Brenntag Group works together with EcoVadis, a leading provider of sustainability assessments that is well established in the chemical industry. EcoVadis evaluates companies in terms of four categories: environment, labor and human rights, ethics and sustainable procurement. In doing so, it scores the companies' sustainability performance on a scale from 0 to 100. In addition, each company receives a detailed overview of strengths and weaknesses as well as specific suggestions for improvement.

## **POTENTIAL RISKS IN OUR OPERATIONS AND SUPPLY CHAINS**

In 2023, the Brenntag Group, took the following steps to prevent and reduce the risk of child and forced labour being used in our supply chains and activities:

- Updated the Supplier Code of Conduct;
- Updated the Code of Business Conduct and Ethics;
- Introduced an internal reporting and governance system to the existing whistleblower program; and
- Conducted a wage assessment to evaluate living wages within our organization.

### ***Risks in our Operations***

Brenntag Canada considers the risk of Modern Slavery occurring within our operations to be low. This is specifically due to the fact that Brenntag Canada's workforce exists only within Canada, which has comprehensive and strict labour, employment, and human rights laws. In addition, [Canada](#) has been categorized as a "low risk" jurisdiction as it relates to the risk of Modern Slavery according to [Walk Free](#), an international human rights group focused on the eradication of modern slavery, in all its forms.

### ***Risks in our Supply chains***

As a subsidiary of Brenntag, our supply chains directly benefit from the policies and due diligence implemented at the parent level and amongst the Brenntag Group that are designed to assess the compliance of their respective supply chains.

We recognize that the risks of child and forced labour are inherent to all supply chains, including ours. However, we rely on the policies of the Brenntag Group to identify and reduce these risks.

Through our assessment of Brenntag Canada, we did not identify any unique risks child and forced labour that relate to our operations or supply chains. Rather, the Modern Slavery risks applicable to Brenntag Canada are more general in nature.

Further, we are not aware of any instances of child or forced labour in our operations or supply chains. Accordingly, no steps were required to remediate child or forced labour, or the loss of income associated with remediation efforts.

Chemical manufacturing is, generally, an area of low risk for child and forced labour. However, the primary sector industries from which our suppliers source their inputs, such as mining, agriculture and the petrochemical industry, pose risks of child and forced labour potentially caused by, contributed to, or directly or indirectly linked to our operations.

The Brenntag Group seeks to minimize these potential risks of human rights violations within its supply chains by communicating its expectations to suppliers at the beginning of the business relationship and through the combined effect of the policies and strategies outlined in this Report.

Most of our suppliers are subject to, and in compliance with, anti-Modern Slavery laws and regulations in Canada and the United States. We view the risk of child and forced labour occurring within our supply chains to be low.

To date, we have not received any reports of instances of Modern Slavery occurring anywhere within Brenntag Canada. As we did not identify any instances of forced labour or child labour in its supply chain in 2023, no steps were required to remediate the presence of Modern Slavery, or the loss of income associated with remediation efforts.

### **TRAINING**

As a global company, the Brenntag Group is subject to a large number of local, national and international laws and regulations. It is the responsibility of all employees to comply with these rules without exception. The Brenntag Group has developed internal regulations that employees are expected to follow. Examples of such internal regulations developed by Brenntag include the Code of Business Conduct and Ethics and the Anti-corruption Guideline.

The Brenntag Group also offers regular training through resources such as the Brenntag Group's e-learning platform in order to keep employees' knowledge of compliance topics up to date. As an example, the online training module on the Code of Business Conduct and Ethics is mandatory for employees once a year. This was completed by 96% of Brenntag group employees in the reporting period.

## **ASSESSING OUR EFFECTIVENESS**

We intend to continue reviewing and updating our regulations and policies periodically, as appropriate, to determine any changes that would reinforce our approach to preventing and reducing child and forced labour from taking place anywhere in our business or supply chains, and, where appropriate, implementing measures to assess the effectiveness of any of our processes.

## **APPROVAL AND ATTESTATION**

This statement was approved pursuant to section 11(4)(a), of the Act by the Board of Directors of Brenntag Canada Inc. on May 28, 2024.

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.

Martin Jetté, I have the authority to bind Brenntag Canada Inc.

President, Brenntag Canada Inc.

