

Röchling Industrial North America - Fighting Against Forced Labour and Child Labour in Supply Chains Annual Report 2023

Introduction

The Röchling Group, established in 1822, has evolved into a global leader in the plastics processing industry. We pride ourselves on being pioneers, excellent, and reliable. As a family business, we at Röchling stand for value-based and sustainable action. We treat the environment and society as we do our customers, partners, and employees: with mutual respect, great regard, and considerable trust.

Adherence to the law is fundamental to the way we engage in business. In compliance with Section 11 of Bill S-211 (“the Act”), this joint report has been prepared by Roechling Industrial Orangeville Ltd. and Roechling Industrial Gastonia, LP (collectively, “we” or “Röchling Industrial North America” or “Röchling”) with respect to the financial year ending December 31, 2023. This report aims to delineate the measures that Röchling has implemented, as well as those it plans to undertake, to mitigate the risks associated with modern slavery within its business framework.

Section A: Legal and Organizational Structure

The Röchling Group operates globally and transforms the lives of people every day with customized plastics. It employs over 11,000 employees and operates across 92 locations in 25 countries, with headquarters in Germany. It has three main divisions: Automotive, Industrial, and Medical.

As part of its Industrial division, The Röchling Group wholly owns Roechling Industrial Gastonia, LP, headquartered in North Carolina, USA. This entity manufactures semi-finished sheets, rods, tubes and profiles for the North American market. Roechling Industrial Gastonia, LP has a subsidiary, Roechling Industrial Orangeville Ltd., which is based in Ontario, Canada. Collectively, we stand for innovation in plastics and strive to provide our customers with state-of-the-art materials that meet the highest standards in the industry. We are certified to ISO 9001:2015, with a strong quality control program in place.

The success of our business is highly dependent on the quality and reliability of our supply chain. We place great importance on maintaining the integrity of our supply chain and collaborate with our supplier partners to ensure our ability to deliver superior products and services to our customers.



Section B: Policies and Due Diligence Processes

In the last fiscal year and prior, Röchling promoted strict adherence to its Code of Conduct, which is a binding document for all employees of the Röchling Group worldwide. This Code of Conduct defines our commitment to compliance with statutory provisions, voluntary undertakings, internal guidelines, and ethical standards. Our Code of Conduct directly addresses human rights and labour and social standards, which includes a section on forced labour. In this section, we call out that we reject any type of forced labour and that child labour is prohibited. The minimum age of employees shall be based on the applicable national laws and collectively bargained agreements, produced that the stipulated age is not lower than the minimum age of employment set out in the ILO Convention No. 138.

Further, we have a whistleblowing platform accessible publicly through our website. We publicly encourage reporting of any unethical and illegal behaviour within Röchling or our supply chains including situations related to corruption, fraud, violations to other aspects of our Code of Conduct, and violations of other human rights or environmental obligations.

In the last financial year, Röchling Industrial Gastonia, LP issued its Code of Conduct for Suppliers (“Supplier Code”) to its vendor partners. This document defines Röchling’s principles and requirements for its suppliers of goods and services regarding their responsibility for people and the environment and mirrors its corporate Code of Conduct. More specifically, it indicates that Röchling expects its suppliers to refrain from using forced and child labour in its company and from sourcing materials in the supply chain that are associated with forced or child labour. The Supplier Code requests suppliers to take the appropriate measures to ensure their own suppliers also observe these principles. The Supplier Code indicates that a breach may ultimately be grounds and cause for the company to terminate business relationships, including all associated supply contracts. This Supplier Code will soon be rolled out across all of Röchling Industrial North America.

Röchling Industrial North America also participated in the Röchling Group’s review of supplier lists in the last financial year, which included a review of ethical conduct.

Section C: Forced Labour and Child Labour Risks

Each year, including in the last financial year, we conduct a risk assessment in which we evaluate the risks of forced labour and child labour being used within our operations and supply chains. This assessment is based on a questionnaire that



inquires about our responsibilities, policies, internal processes, current business practice, verification, and performance indicators and reporting to mitigate risks related to forced labour and child labour. In our last financial year, our risk assessment indicated a “low probability” and “low severity” rating in these areas.

Additionally, we compared our supplier spend over the last financial year against the Walk Free Global Slavery index, which highlights countries that have a higher prevalence of modern slavery being used in business operations. We predominantly procure from lower-risk countries such as Canada, the United States, Germany, and South Korea. We also reviewed the US Department of Labor’s List of Goods Produced by Child Labor and Forced Labor, which indicates products from various countries that are at a higher risk of being produced by using modern slavery. Based on this analysis, we have assessed the risk of child labour and forced labour being used in our activities and supply chains to be low.

We, however, recognize that global supply chains are complex and despite our low risk profile, we must continue to maintain strong due diligence measures to mitigate against such risks. We strive to continue our proactive approach to mitigating the risks of modern slavery being used in our activities and supply chains, reinforcing our commitment to upholding human rights and ethical labour practices.

Section D: Remediation Measures

We have not identified any forced labour or child labour being used in our activities and supply chains to date, and therefore have not taken any remediation efforts within or prior to the last financial year. Should we identify the use of child labour or forced labour in our supply chain in the future, remediation measures may include termination of business relationships and contracts.

Section E: Remediation of Loss of Income

We have not identified any forced labour or child labour being used in our activities and supply chains to date, and therefore have not taken any remediation efforts for any loss of income to vulnerable families within or prior to the last financial year. Should we identify the use of child labour or forced labour in our supply chain in the future, we commit to taking a thoughtful approach to remediation tailored to the situational circumstances.

Section F: Training

Over the last financial year, we provided mandatory training to all our employees regarding various topics in our Code of Conduct, including child labour and forced



labour, during the onboarding process. We require each employee to acknowledge their adherence to our Code of Conduct in the new employee orientation form. Employees are also provided with training that encourages them to report any signs of unethical behaviour through our Whistleblower Program or through other internal channels. At Roechling Industrial Gastonia, LP, our training also includes a brief test that employees must complete at the end of our Code of Conduct training. We plan to expand the testing component across Röchling Industrial North America.

Our procurement team at Roechling Industrial Gastonia, LP has also been provided with training regarding our Supplier Code, as well as our new vendor onboarding and vendor evaluation processes, which include a review of risk factors and confirmation of adherence to ethical conduct. We plan to extend this training to relevant employees across all of Röchling Industrial North America in the future.

Section G: Assessing Effectiveness

In the last financial year, we had various policies and processes to assess our effectiveness in ensuring that forced labour and child labour are not being used in our activities and supply chains, such as:

- Leveraging our internal risk assessment to review our policies and procedures related to forced labour and child labour,
- Monitoring performance indicators that are linked to targets to prevent any form of child labour and forced labour, and
- Ensuring 100% completion of Code of Conduct training.

We also formally evaluate our suppliers through our supplier scorecard process, and we plan to continue to evolve our scorecard to address any risks of modern slavery being used in our activities or supply chains. For Roechling Industrial Gastonia, LP, we conducted audits to confirm that all employees are 18 years or older and that verification documents have been collected. At Roechling Industrial Orangeville Ltd., we adhere to minimum age requirements and local employment laws.

Conclusion

At Röchling, we are committed to ecologically and socially responsible corporate governance. We do not engage in unlawful or unethical business practices in order to procure any advantage. We expect each individual employee, and our business partners, to abide by the policies we have put forth in our Code of Conduct. We highly value transparency, honesty, and integrity, and support global efforts to eradicate the use of child labour and forced labour.



Attestation

Pursuant to subparagraph 11(4)(b)(ii), this joint report has been approved by the governing body of Roechling Industrial Gastonia, LP.

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 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.

Allison Barnett Barrett
Full name

VP Commercial
Title

5/31/24
Date

Allison Barnett
Signature

I have the authority to bind Roechling Industrial Gastonia, LP.



