

Forced Labour in Canadian Supply Chains Annual Report

Hexion Canada Inc.

May 31, 2024

Reporting for entities

1. What steps has the entity taken in the previous financial year to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods in Canada or elsewhere by the entity or of goods imported into Canada by the entity?

- *Conducting an internal assessment of risks of forced labour and/or child labour in the organization's activities and supply chains.*
- *Gathering information on worker recruitment and maintaining internal controls to ensure that all workers are recruited voluntarily.*
- *Addressing practices in the organization's activities and supply chains that increase the risk of forced labour and/or child labour.*
- *Requiring suppliers to have in place policies and procedures for identifying and prohibiting the use of forced labour and/or child labour in their activities and supply chains.*
- *Developing and implementing child protection policies and processes.*
- *Developing and implementing anti-forced labour and/or -child labour contractual clauses.*
- *Developing and implementing anti-forced labour and/or -child labour standards, codes of conduct and/or compliance checklists.*
- *Monitoring suppliers.*
- *Developing and implementing grievance mechanisms.*
- *Developing and implementing training and awareness materials on forced labour and/or child labour.*
- *Engaging with supply chain partners on the issue of addressing forced labour and/or child labour.*

2. Please provide additional information describing the steps taken (if applicable).

Hexion's governance framework includes policies and procedures to ensure we have strong frameworks to assist us to assess and address forced labour and child labour risks. Hexion's Supplier Code of Conduct requires all suppliers and other third parties to not engage in forced, bonded, compulsory, or child labour or allow inhumane treatment, discrimination or harassment. Suppliers must ensure compliance with age and work time laws, and comply with applicable conflict minerals laws. Suppliers must

ensure their activities and their suppliers' activities do not benefit perpetrators of human rights abuses in the Democratic Republic of Congo or in adjoining countries.

For internal compliance, Hexion implements internal reporting and accountability standards and procedures. Hexion also typically requires, as a condition of contract, that all direct suppliers of services and materials comply with applicable laws and regulations, which includes labour laws.

Hexion's Terms and Conditions of Purchase with suppliers contains warranties and prohibitions relating to forced labour and child labour and confirms the absence of related investigations. Hexion procures most of our goods and services from established suppliers with whom we have long term relationship, allowing us to gain knowledge of their supply chain quality procedures and procurement policies.

Hexion obtains legally permissible information as part of employee hiring to identify forced and child labour concerns.

3. Which of the following accurately describes the entity's structure?

- *Corporation*

4. The following accurately describes Hexion's activities:

- Producing goods (including manufacturing, extracting, growing and processing)
 - *in Canada*
 - *outside Canada*
- Selling goods
 - *in Canada*
 - *outside Canada*
- Distributing goods
 - *in Canada*
 - *outside Canada*
- *Importing into Canada goods produced outside Canada.*

5. Please provide additional information on the entity's structure, activities, and supply chains.

Structure: *Hexion is incorporated in Canada with a registered office in Edmonton, Alberta, with no subsidiaries. Hexion's ultimate parent company is Hexion Inc., organized in New Jersey, U.S.A.*

Activities: *Hexion Inc. and its subsidiaries are in the specialized chemicals manufacturing industry across global commercial, financial and procurement teams,*

with local leads in each country. Hexion products are used in everything from cars and trucks to electronics, aircraft, wood products and buildings.

Hexion's manufacturing facilities are in Edmonton, Alberta, and St. Romuald, Quebec, with registrations in British Columbia, Alberta, Manitoba, and Quebec. We have 108 full-time employees and approximately 19 contractors.

Supply chain: Hexion's supply chain consists mostly of procuring raw materials for our products from manufacturers and through distributors, accounting for approximately 70% of our total 2023 procurement spend.

We generally have long-term relationships with our tier 1 suppliers, who provide raw materials, and tier 2 suppliers, who provide other materials. These established supplier relationships allow for direct oversight over the goods procured. Hexion approves product from the manufacturer prior to procuring through a distributor.

Hexion works with approximately 37 suppliers in Canada, United States or China. We verified that the limited suppliers located in China are not utilizing the Uyghur work force.

6. Does the entity currently have policies and due diligence processes in place related to forced labour and/or child labour?

- *Yes - Please see Supplier Code of Conduct*

6.1 The following elements of the due diligence process have been implemented in relation to forced labour and/or child labour:

- *Embedding responsible business conduct into policies and management systems.*
- *Identifying and assessing adverse impacts in operations, supply chains and business relationships.*
- *Ceasing, preventing or mitigating adverse impacts.*
- *Communicating how impacts are addressed.*

7. Please provide additional information on the entity's policies and due diligence processes in relation to forced labour and child labour (if applicable).

Hexion's Code of Conduct states on page 6 as follows:

Respecting Human Rights: Respect for fundamental human rights is at the core of our operational philosophy. Any form of forced or involuntary labour, including child labour, slavery or human trafficking by the Company is not acceptable or permitted. In

addition, Hexion expects third parties acting on our behalf to comply with applicable (labour) laws and demonstrate respect for human rights.

Please also refer to Hexion's responses 1, 2, and 5, above under the Annual Report, Reporting for Entities.

8. Has the entity identified parts of its activities and supply chains that carry a risk of forced labour or child labour being used?

- *Yes, we have identified risks to the best of our knowledge and will continue to strive to identify emerging risks.*

8.1 Hexion has identified forced labour or child labour risks related to the following aspects of its activities and supply chains:

- *The raw materials or commodities used in its supply chains.*

9. Has the entity identified forced labour or child labour risks in its activities and supply chains related to any of the following sectors and industries?

- *Yes, Manufacturing*

10. Please provide additional information on the parts of the entity's activities and supply chains that carry a risk of forced labour or child labour being used, as well as the steps that the entity has taken to assess and manage that risk (if applicable).

Given our sophisticated operations, and purchases from recognized, often publicly traded companies, mostly from Canada and the United States, we have assessed forced labour and child labour risk as being limited. Hexion's material spend is also in low-risk areas (Chemical Manufacturing, Logistics, Utilities, CapEx, Labour). All Hexion suppliers are assessed by Hexion's Global Trade Compliance group prior to approval, and with continuing review for industry risks, including human rights risks.

11. Has the entity taken any measures to remediate any forced labour or child labour in its activities and supply chains?

- *Not applicable, we have not identified any forced labour or child labour in our activities and supply chains.*

11.1 If yes, which remediation measures has the entity taken? N/A

12. Please provide additional information on any measures the entity has taken to remediate any forced labour or child labour (if applicable). N/A

13. Has the entity taken any measures to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in its activities and supply chains?

- *Not applicable, we have not identified any loss of income to vulnerable families resulting from measures taken to eliminate the use of forced labour or child labour in our activities and supply chains.*

14. Please provide additional information on any measures the entity has taken to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in its activities and supply chains (if applicable). N/A

15. Does the entity currently provide training to employees on forced labour and/or child labour?

- Yes

15.1 If yes, is the training mandatory?

- *Yes, the training is mandatory for all employees.*

16. Please provide additional information on the training the entity provides to employees on forced labour and child labour (if applicable).

Hexion conducts annual training for all associates on the Hexion Code of Conduct, which includes forced labour provisions. The associates have been required to acknowledge their review of the Code of Conduct.

17. Does the entity currently have policies and procedures in place to assess its effectiveness in ensuring that forced labour and child labour are not being used in its activities and supply chains?

- Yes

17.1 Hexion utilizes the following methods to assess the effectiveness of its policies and procedures:

- *Setting up a regular review or audit of the organization's policies and procedures related to forced labour and child labour.*
- *Tracking relevant performance indicators, such as levels of employee awareness, numbers of cases reported and solved through grievance mechanisms and numbers of contracts with anti-forced labour and -child labour clauses.*

18. Please provide additional information on how the entity assesses its effectiveness in ensuring that forced labour and child labour are not being used in its activities and supply chains (if applicable).

Hexion has 2 manufacturing sites in Canada. Its operations require sophistication, education and training with respect to all functions, and all associates are closely documented and monitored by Hexion's human resources and operational functions to ensure the appropriate qualifications, including age and wage. The wages paid to the Hexion employees are at or above market rates for similar manufacturing entities.

Please also see Code of Conduct, which prohibits any form of forced or involuntary labour, including child labour, slavery or human trafficking by the Company. Suppliers are required to comply with the Hexion Supplier Code of Conduct, which includes Forced Labour and Child Labour clauses.

Please also see Hexion's response to Questions 2 and 10 above, regarding steps taken with supply chains to help ensure forced labour and child labour are not being used.

Hexion subscribes to Navex, which allows for 24-hour on-line and anonymous reporting of grievances or concerns of any type. These reports are fully investigated, addressed and reported biannually to Hexion leadership, and sooner if the circumstances warrant. Hexion has not received any hotline reports raising forced labour or child labour concerns.

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.

- Jeffrey A. Marx
- Vice President and Treasurer
- May 31, 2024



I have the authority to bind Hexion Canada Inc.