



Compagnie Alpek Polyester Canada

REPORT ON FORCED LABOUR AND CHILD LABOUR RISKS

Reporting Period: January 1st to December 31st, 2023

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Application Protocol

Fighting Against Forced Labour and Child Labour in Supply Chains Act (the “Act”)

The "Fighting Against Forced Labour and Child Labour in Supply Chains Act" is a law designed to combat forced labour and child labour in supply chains. This legislation establishes requirements for companies to report on the measures taken to prevent and reduce these risks in their operations and supply chains. The main objective of this law is to ensure that companies are accountable for identifying and addressing any form of forced or child labour that may occur in their supply chain, both in Canada and abroad.

The following document is a report prepared in accordance with the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "Act") concerning Compagnie Alpek Polyester Canada (the “Company”). The Company submits this report to the Minister of Public Safety and Emergency Preparedness on the various measures taken during their previous financial year, ending on December 31st, 2023, to prevent and reduce the risks of forced labour or child labour being used at any stage of the manufacturing of their products.

This report represents the Company’s first submission pursuant to the Act.

Organizational Framework, Operational Activities, and Supply Chain

The Company is a subsidiary of Alpek S. A. B. de C. V. (the “Holding Company”), a petrochemical company headquartered in Mexico with operations through two major business segments: Polyester, Plastics and Chemicals. The Company is governed by the Quebec Business Corporations Act, headquartered in Montreal, Quebec. It operates a manufacturing plant in Montreal, Quebec, Canada. At the end of 2023, the Company had a workforce of 71 employees.

The Company specializes in the manufacturing and distribution of polyester resins, specifically polyethylene terephthalate (PET). Operating within the Business-to-Business sector, the company’s sales operations are managed by its sales team serving clients within the food and beverages industries, and the suppliers to these sectors.

In the fiscal year concluding on December 31st, 2023, approximately 55% of the Company’s sales volume originated from Canadian-based customers, while the remaining 45% was from customers located in United States.

The supplying operations of the Company mainly involve petrochemical companies. Procurement activities are managed by the Alpek Polyester subsidiary based in the United States. The main raw materials sourced include Purified Terephthalic Acid (PTA) and Monoethylene Glycol (MEG). Over 90% of all major raw materials used in PET resin production are obtained from Canada, with the remainder sourced from the United States.

Compagnie Alpek Polyester Canada Sustainability Strategy

The Company aligns with the Holding Company’s overall business and Sustainability Strategy.

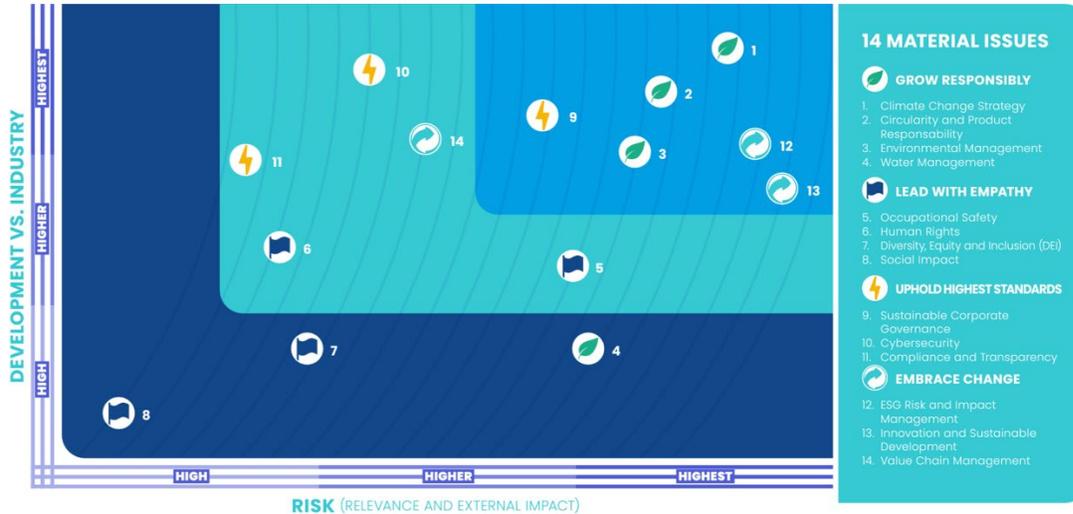
The Holding Company has developed an operational framework based on the TCFD (Task Force for Climate-Related Financial Disclosures) structure: Governance, Strategy, Risk and Opportunities Identification, and the establishment of Targets and Metrics, for all of its material issues. This aims to ensure the effective and systemic execution of sustainability initiatives across its subsidiaries, including the Company.



This allows the Holding Company, and consequently, the Company to operate in an effective way the four pillars of its sustainability model and the material issues identified, which were updated under a double materiality focus in 2023.

Materiality Analysis

In 2023, the Holding Company enhanced its sustainability efforts by updating the materiality matrix, and adopting a double materiality assessment, evaluating ESG maturity, resource allocation, risk exposure, and financial outcomes. The “Human rights” topic proved yet again to be a material issue for Alpek and its subsidiaries, including the Company.



Value Chain Management

In its commitment to fostering a responsible value chain, the Holding Company developed a “Supplier Code of Conduct” for all its Business Units. This code will be implemented throughout 2024 to encourage its suppliers to align with sustainability best practices, including upholding Human Rights. The Company will integrate and implement the Supplier Code of Conduct during 2024.

Corporate Policies and Procedural Due Diligence

During 2023, the Holding Company improved its existing global Human Rights Policy to ensure its alignment with the International Labour Organization (ILO) principles. Additionally, since 2021, the Holding Company pledged to the UN Global Compact to advance the protection of human rights.

The Supplier Code of Conduct will be implemented throughout 2024 to encourage its suppliers to align with sustainable best practices. This includes human rights issues.

At the moment, there is not a comprehensive due diligence protocol. However, both the Company and the Holding Company currently are evaluating its development with our framework being aligned with the United Nations Guiding Principles on Business and Human Rights.

Strategies for Mitigating Forced and Child Labour Risks

Currently the Company does not have a detailed strategy to mitigate the risk of forced labour and child labour across its supply chain.

Identification of Forced and Child Labour Risk Factors

Within the operational framework, the Company diligently ensures that our recruitment processes are robust, safeguarding against the employment of underage individuals and upholding the human rights of all our team members. There are no underage employees working at the Company.

Regarding external operations, currently there is not a formal due diligence process in place, and the Company is actively developing a comprehensive due diligence strategy. This strategy is being designed to effectively mitigate and prevent the risk of child and forced labour in our value chain.

Furthermore, the Holding Company's materiality analysis serves as an important tool to identify these issues, and if they have relevant impact on the Holding Company and its subsidiaries and/or its external stakeholders.

Corrective Action

Financial Remediation Strategies for Income Disruption

The Company has not identified any loss of income to vulnerable families resulting from measures taken to eliminate the use of forced labour or child labour in its activities and/or supply chains, as it has yet to undertake any such actions.

Training Programs

The Company did not carry out any training programs related to forced and child labour during 2023.

Approval and attestation

This report has been approved in accordance with section 11 (4) a) by the board of Compagnie Alpek Polyester Canada as a report for the fiscal year ended in December 31, 2023.

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.

I have the authority to bind Alpek Polyester Canada.



Frédérick Comeau

Président, Compagnie Alpek Polyester Canada

May 27, 2024



Raul Castro

Trésorier, Compagnie Alpek Polyester Canada

May 27, 2024