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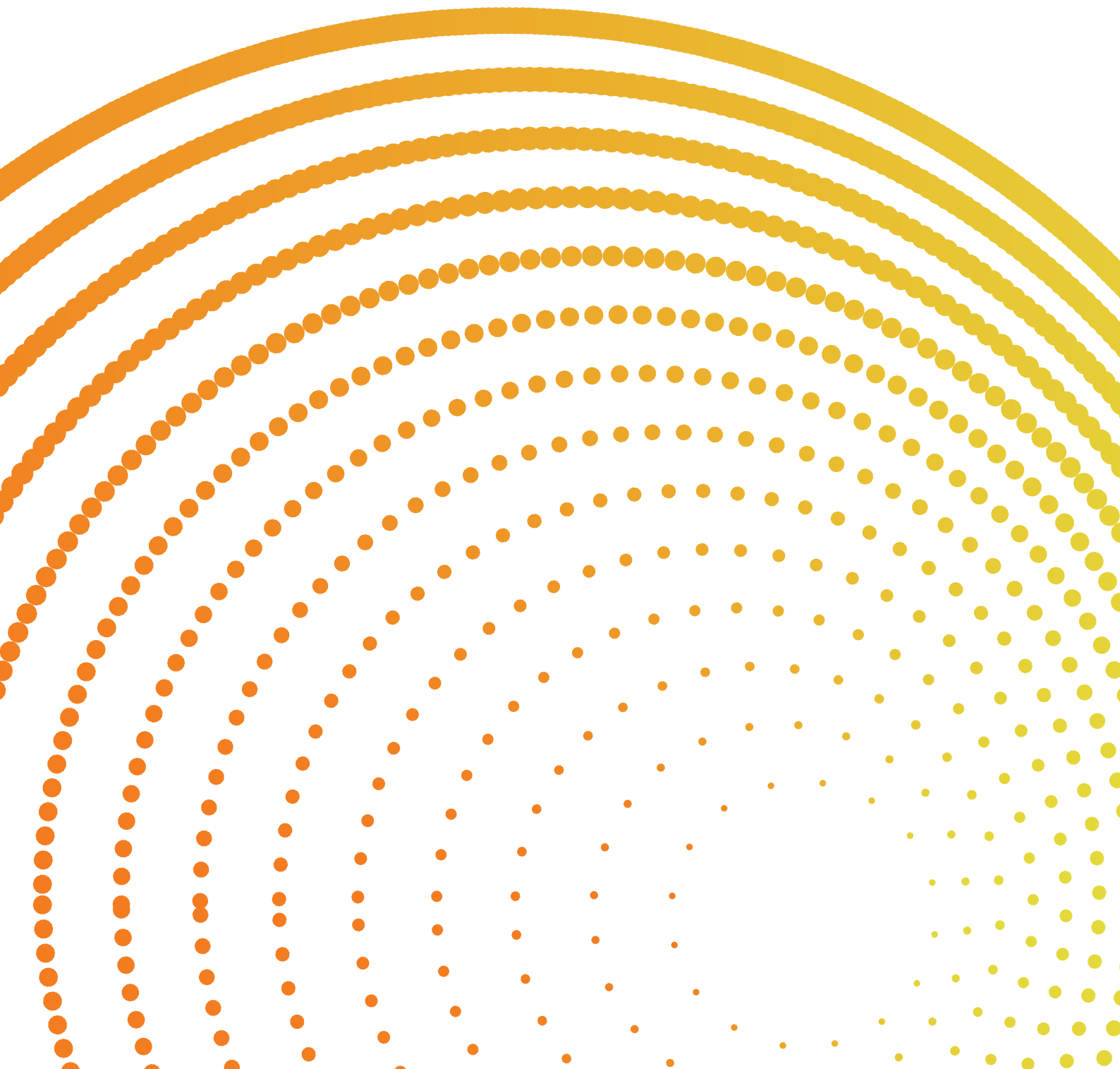
# Modern Slavery Report 2023 – Canada

**MOLYCOP**

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Molycop Legal

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## Modern Slavery Report

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### Introduction

This Forced Labour and Child Labour Report (this “**Report**”) is jointly submitted by Moly-Cop Canada and Moly-Cop Ltd. (hereinafter jointly referred to as “**Moly-Cop**” or the “**Company**”) for the financial year ending June 30, 2023, and is made in accordance with the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, S.C. 2023, c.9 (Canada), also known as the Modern Slavery Act (the “**Act**”).

This Report is not a revised version of a report already submitted this reporting year. Moly-Cop’s business numbers are Moly-Cop Canada: 119446847RZ0001 and Moly-Cop Ltd.: 132980517BC0004.

As strategic supplier of grinding media and other mining process solutions to some of the world’s largest mining companies, Moly-Cop bears a great responsibility for its employees, stakeholders, and for the societies in which it operates. Therefore, a network of suppliers and contractors that share its values is a precondition for doing business with Moly-Cop. To accomplish this goal, Moly-Cop is committed to foster a supply chain aligned with such fundamental principles and ensure compliance with all applicable laws and regulations to protect human rights, promote the health and safety of its employees, prevent discriminatory practices of any kind, and other deplorable practices such as forced labour and child labour.

This Report describes the reasonable steps taken by Moly-Cop to mitigate forced labour and child labour in our organization’s operations and supply chains during the 2023 fiscal year.

### Our Respect for Human Rights

Moly-Cop fully supports the objectives of the Act and opposes the use of all forms of forced labour and child labour in our operations and our supply chain. Respect for human rights is fundamental to our values, the long-term stability and growth of our business and to the wellbeing of the communities in which we operate.

As set out in the United Nations Guiding Principles on Business and Human Rights (“**UNGPs**”), business enterprises have a responsibility to respect internationally recognized human rights. The responsibility to respect human rights requires that business enterprises: (a) avoid causing or contributing to adverse human rights impacts through their own activities and address such impacts when they occur; and (b) seek to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts.

### Steps Taken During 2023 Fiscal Year to Prevent and Reduce Risks of Forced Labour and Child Labour in our Supply Chains [Section 11(1) of the Act]

Moly-Cop is committed to operating ethically, following practices, policies, and standards in compliance with the objectives of the Act and applicable labour and employment laws. As part of this commitment, we acknowledge the importance of addressing modern slavery and child labour within our supply chain and activities.

In 2023, Moly-Cop began to undertake activities specifically to address the objects of the Act, however, such were not completed until after its 2023 fiscal year had concluded. However, as part of our general operational due diligence in 2023, we:

1. Drafted and commenced efforts to roll out a third-party contractor code of conduct, which specifically precludes suppliers to engage in any practices associated with forced labour and child labour, among others;
2. took reasonable steps to conduct due diligence on our supply chain using the online Refinitiv World Check One risk intelligence platform, albeit not systematically, to confirm whether they had incurred in any sanctioned practices; and
3. commenced efforts to create and roll out a third-party due diligence policy and systematically conduct our supplier screening practices through a different platform called Sayari Graph to ensure they are operating in accordance with applicable laws and industry standards.

## Corporate Structure, Activities and Supply Chains [Section 11(3)(a) of the Act]

### Corporate Structure

Moly-Cop is a partnership between Moly-Cop Ltd. and 1100739 B.C. Ltd. formed pursuant to the *Partnership Act* (British Columbia). Moly-Cop is headquartered in the Province of British Columbia and its registered office is located at 250 Andover CRES Kamloops, BC V2C 6X2, Canada. By the end of fiscal year 2023, Moly-Cop had 95 employees on payroll. Moly-Cop Canada is the largest manufacturer of grinding media sold to the mining industry in Canada.

The two partners forming Moly-Cop Canada are Moly-Cop Ltd. and 1100739 B.C. Ltd. Moly-Cop Ltd.'s incorporation number is BC1102506 and has offices at 700 West Georgia Street Suite 2200 Vancouver, BC V7Y 1K8. 1100739 B.C. Ltd.' incorporation number is BC1100739 and has offices at 700 West Georgia Street Suite 2200 Vancouver, BC V7Y 1K8. Molycop Ltd. owns 99% of Moly-Cop Canada directly and the other 1% indirectly through 1100739 B.C. Ltd. The partnership was registered on January 26, 2011, and has no control over any other entities.

### Activities

Moly-Cop Canada is the largest manufacturer of grinding media sold to the mining industry in Canada, employing 95 employees (as of June 2023). Grinding Media production steps are:

- Raw material storage:
  - raw material (bars) are purchased and received at the location (primarily via rail) and stored in the bar storage area.
  - In fiscal year 2023: Moly-Cop Canada purchased about 163kt of raw material bars, of which 51% were purchased domestically and 49% were procured from Moly-Cop Singapore Trading, who imports the bars from China.
  - In fiscal year 2022: Moly-Cop Canada purchased about 158kt of raw material bars, of which 58% were purchased domestically, 28% were imported from USA, and 14% were procured from Moly-Cop Singapore Trading, who imports the bars from China.
- Raw material feed: Bars are loaded into the unscrambling area and proceed to be heated.
- Ball forming: the heated bar is then moved to the forge machine where it is forged to form a steel ball.
- Ball treatment: through a sequence of controlled cooling and heating processes, the balls are heat treated for desired product quality.
- Ball storage: Finished product is directly loaded for shipping or stored in the ball storage area prior to shipment.
- Shipment to Customers:
  - Domestic: Moly-Cop Canada's major customers include Detour Gold, Gibraltar, Highland Valley Copper, Red Chris, among others.
  - International: Moly-Cop Canada in FY23 and FY22 exports (12% and 9% respectively) were primarily to a plant of an affiliated company in Kansas City, USA, named Moly-Cop USA, LLC.

In addition to the manufactured Grinding Media, Moly-Cop Canada imports Grinding Media with higher Chrome level (HiCr balls) content (which Moly-Canada does not have capability to produce domestically) and resells into the domestic market.

- In FY23, Moly-Cop Canada imported 8.1kt of HiCr balls and 2.4kt of forged balls from China through Moly-Cop Singapore Trading
- In FY22, Moly-Cop Canada imported 3.0kt of HiCr balls and 1.8kt of forged balls from China through Moly-Cop Singapore Trading

**Supply Chain**

Moly-Cop is committed to complying with all applicable laws and regulations, including in respect of forced labour and child labour, and we expect our suppliers to demonstrate the same commitment in the regions in which they operate. We acknowledge the risk of forced labour and child labour existing in any complex supply chain. Moly-Cop procures various goods and services to support its operations.

In the course of doing business, per described above, manufacturing/selling and buy/re-selling of Grinding Media Moly-Cop procured:

**FY23**

- total procurement spend: \$306.7m
- the main (3-5) categories of goods and services procured and respective amounts:

Top 5 spend categories	\$ amount - List amount per vendor	Vendor (s) - List amount per vendor
1 Steel Bars (\$213.8m)	\$111.0m	Molycop Singapore Trading PTE Ltd.
	\$101.5m	Altasteel Inc.
	\$1.3m	Steel Dynamics, Inc.
2 Freight (\$37.0m)	\$8.7m	Arrow Reload Systems Inc.
	\$6.9m	Canadian Pacific Railway
	\$6.7m	Livingston International
3 Purchased Balls (\$20.9m)	\$17.6m	Molycop Singapore Trading PTE Ltd.
	\$3.3m	Moly-Cop USA LLC
4 Maintenance/Contractor Services (\$7.3m)	\$681.6k	Fusion Solutions Inc.
	\$610.8k	Applied Industrial Technologies Ltd.
	\$551.7k	Horst Precision Machine Ltd.
5 Utilities (\$5.6m)	\$3.9m	Shell Energy North America (Canada) Inc.
	\$1.0m	B.C. Hydro
	\$0.6m	FortisBC Energy Inc.

- total number of suppliers: 348 suppliers
- total procurement spend:\$271.4m
- the main (3-5) categories of goods and services procured and respective amounts:

Top 5 spend categories	\$ amount - List amount per vendor	Vendor (s) – List amount per vendor
1 Steel Bars (\$206.6m)	\$118.5m	Altasteel Inc.
	\$55.4m	Steel Dynamics, Inc.
	\$32.6m	Molycop Singapore Trading PTE Ltd.
2 Freight (\$24.3m)	\$8.7m	Arrow Reload Systems Inc.
	\$6.9m	Canadian Pacific Railway
	\$6.7m	Livingston International
3 Purchased Balls (\$10.1m)	\$17.6m	Molycop Singapore Trading PTE Ltd.
	\$3.3m	Moly-Cop USA LLC
4 Maintenance/Contractor Services (\$6.2m)	\$702.1k	Fusion Solutions Inc.
	\$487.9k	Applied Industrial Technologies Ltd.
	\$453.4k	Guillevin International Co.
5 Utilities (\$4.6m)	\$3.1m	Shell Energy North America (Canada) Inc.
	\$1.0m	B.C. Hydro
	\$0.5m	FortisBC Energy Inc.

- total number of suppliers: 316 suppliers

### **Policies and Due Diligence Processes in relation to forced labour and child labour [Section 11(3)(b) of the Act]**

Moly-Cop's Code of Conduct is in place to promote and ensure compliance with applicable laws (including in respect of employment and human rights) by all employees in the jurisdictions in which we operate our business. In anticipation of its report for the upcoming 2024 fiscal year, Moly-Cop anticipates to start reviewing its contractual arrangements to identify whether amendments or updates are required to promote the objectives of the Act and ensure that our supplies also prohibit the use of forced labour and child labour in their supply chains. Also, it anticipates finalizing and rolling out the Third-Party Due Diligence Policy, which sets out the process that Moly-Cop and its relevant personnel must take to carry out due diligence risk assessments on any third-party contractors prior to entering any business engagement.

Furthermore, employees with managerial, sales, and procurement responsibilities will begin to be trained on these policies and procedures by the Legal and Compliance teams throughout all Moly-Cop businesses and regions, including Moly-Cop Canada.

### **Risk Assessment and Management [Section 11(3)(c) of the Act]**

During the 2023 fiscal year, Moly-Cop commenced to evaluate whether the Refinitiv World Check One risk intelligence platform used in previous years to conduct due diligence into its supply chain accurately captured any relevant risks and/or sanctions, including the potential of forced labour and child labour, but did not formally start the process of assessing or identifying which parts of its supply chain may carry a risk of forced labour or child labour. However, Moly-Cop acknowledges that no complex supply chain is risk free and it has identified the industries and sectors which support its operations that may carry a risk of forced labour and child labour, although further assessment of its own supply chain is required.

Particularly for Moly-Cop, we have preliminarily identified the following potential risks of forced labour or child labour in our supply chains generally:

- a risk based on the location of our suppliers in China;
- a risk where raw materials are procured by our suppliers for use in their supply chain from one or more other suppliers or manufacturers that we do not have direct contact with; and
- a risk where raw materials are procured by our suppliers for use in their supply chain where limited information is available to us regarding the source of such raw materials.

To manage these risks, Moly-Cop plans to transition into the Sayari Graph platform for the 2024 fiscal year, which is a commercial risk intelligence platform that combines global corporate and supply chain data, complex entity networks, and intuitive risk identification to accelerate investigations, intelligence, and due diligence activities. According to Sayari, the platform harvests billions of documents pulled from thousands of databases to extract, resolve, and match millions of entities to map the relationships between suppliers into pre-computed graph visualizations that surfaces possible exposure to dozens of risk types, including child and forced labor across the globe.

**Forced Labour and Child Labour Remediation Measures [Section 11(3)(d) of the Act]**

In the 2023 fiscal year, Moly-Cop was not aware of any occurrences of forced labour or child labour practices occurring within our supply chain and activities. Accordingly, we did not take any measures to remediate any adverse impacts of forced labour or child labour.

**Loss of Income - Remediation Measures [Section 11(3)(e) of the Act]**

In the 2023 fiscal year, as Moly-Cop was not aware of any occurrences of forced labour or child labour practices occurring within our supply chain and activities, no measures needed to be taken to eliminate the use of forced labour or child labour. Accordingly, we did not take any action to remediate any loss of income to families that potentially could have resulted from any measure taken to eliminate the use of forced labour or child labour in Moly-Cop's activities and supply chains.

**Training provided to Employees [Section 11(3)(f) of the Act]**

We did not provide formal training to the employees of Moly-Cop on forced labour and child labour during the 2023 fiscal year. However, training on third-party due diligence, including forced labour and child labour, is planned to begin during the 2024 fiscal year.

**Assessing Effectiveness in Ensuring Forced Labour and Child Labour are Not Used in our Activities or Supply Chains [Section 11(3)(g) of the Act]**

During the 2023 fiscal year, Moly-Cop used the Refinitiv World Check One risk intelligence platform to conduct due diligence into its supply chain. However, the due diligence was not systematically implemented and no formal policies other than the Molycop Code of Conduct were in place regarding forced labour, child labour, or the due diligence or other processes to measure and track its success in preventing and reducing the risk of forced labour and child labour in its activities and supply chains.

**Approval of Report and Attestation**

This Report has been approved by the limited partners of Moly-Cop in accordance with Section 11(4)(a) of the Act.

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.

Per:



Name: Kermell Z. Hernandez-Rivera

Title: Senior Counsel, North America

Date: May 29, 2024

I have the authority to bind Moly-Cop Canada.



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