



# REPORT ON EFFORTS TO PREVENT AND REDUCE THE RISK OF FORCED LABOUR AND CHILD LABOUR

# About Enerkem

Enerkem's mission is to build a sustainable future by commercializing its ground-breaking technologies producing low-carbon fuels and circular chemicals to support the energy transition for the hard-to-abate sectors, address waste management challenges and contribute to a circular economy.

## LICENCES

The licensing of technology is at the core of our activities. We provide our clients and partners with a set of licenses to build and operate the facilities they need.

## PROPRIETARY EQUIPMENT

Enerkem designs and oversees the delivery of the plant modules necessary for the execution of our technology. Our proprietary equipment includes various mechanical components, from solid handling machinery to pressure vessels, heat exchangers, compressors, pumps, and instruments. Our modules are meticulously designed, developed, and integrated to ensure reliable and consistent results.



“Enerkem presents its first report related to Act S-211. Promoting ESG principles drives our activities and long-term vision. Transparency in the publication of ESG data is of great importance to us.”

– Dominique Boies, Chief Executive Officer

# Context

Forced labour can be found in every country and every sector. According to Public Safety Canada, the International Labour Organization estimates that there are approximately 27.6 million victims of forced labour worldwide, including 17.3 million in the private economy. Forced labour and child labour risks occur primarily through the global supply chains of businesses.

Enerkem is a Canadian corporation founded in 2000 with its headquarters in Montreal. Enerkem also has offices in Sherbrooke and Westbury, Québec, as well as a limited number of employees in Europe, the United-Kingdom, and the United-States. On average Enerkem employed over 250 people in 2023.

The Fighting Against Forced Labour and Child Labour in Supply Chains Act (the “Act”) requires certain federal institutions and private sector entities to report on measures they have taken to prevent and reduce the risk of resorting to forced labour or child labour or it being used in their supply chains. The Act has been in effect since January 1, 2024 and Enerkem has determined it is subject to it. In this context, Enerkem presents its first report on its efforts to combat forced labour and child labour.



# Sustainable Development at Enerkem

Enerkem originated in Quebec from an innovative idea: recycling carbon and hydrogen from waste to create value-added products.

Figure 1: Priority axes and issues for Enerkem's commitments

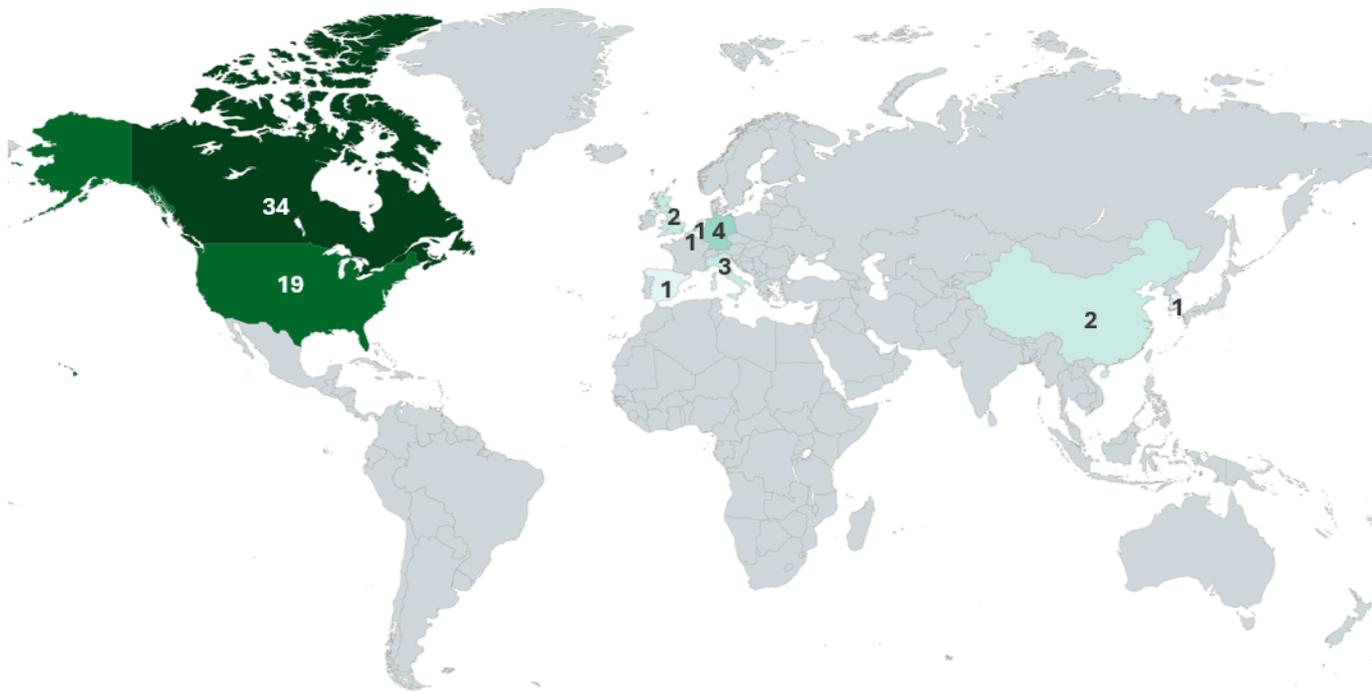


In 2023, Enerkem adopted its sustainable development policy, which includes four main axes and 20 issues, one of which is responsible sourcing, as illustrated in Figure 1. A DEI (Diversity, Equity, and Inclusion) policy was also adopted during this same period.

Our commitment to sustainable development is clear, and we aim to become a key player in the fight against climate change. So far, Enerkem has implemented key social policies, including a code of conduct and ethics dedicated to suppliers. This code includes a clause detailing Enerkem's intention to work with suppliers committed to not using forced labour or child labour in their activities. This policy is included in most material equipment purchase agreements signed by Enerkem.

# Our Supply Chain

Enerkem sells licenses and supports the development, construction, commissioning, and operation of facilities using its technology.



**Figure 2: Location of Enerkem's 68 main suppliers of key equipment**

Enerkem sells licenses and supports the development, construction, commissioning, and operation of facilities using its technology. In other words, Enerkem provides a technology package for each plant that includes the supply of key equipment, engineering services and support services for commissioning and start-up of the plants once built.

Currently, Enerkem provides a technology package to Varennes Carbon Recycling (VCR), which is building a commercial plant in Varennes, Quebec, to produce methanol from non-recyclable waste and residual biomass. As part of its activities, Enerkem collaborates with 68 main suppliers for the procurement of its equipment for the VCR project.

The headquarters of these suppliers are located in 10 countries, as illustrated in Figure 2. Most of the suppliers' headquarters are in North America. Enerkem's main suppliers offer a range of equipment for Enerkem's technology packages, including pressure vessels, heat exchangers, compressors, pumps, instruments, and valves.

In recent years, Enerkem has also purchased equipment, spare parts for operation and maintenance, and consumables to support the activities of its commercial-scale demonstration plant in Edmonton, Alberta (operated by EAB - Enerkem's sole active subsidiary). The closure of this plant was announced on January 30, 2024, and it is currently being dismantled.

# Our efforts in 2023

The partnership with Avetta allows us to gather and centralize key information about our main suppliers, including ESG metrics like responsible sourcing.

In 2023, Enerkem developed a list of the main suppliers that procure key equipment linked to its technology. This evolving supplier list will inform Enerkem's future due diligence efforts, with increased attention given to these suppliers.

Furthermore, Enerkem has retained the services of Avetta for EAB, a supply chain risk management platform. Access to this platform was extended to the entire company in 2024. It allows Enerkem to gather and centralize key information about its main suppliers, including ESG metrics like responsible sourcing. Enerkem is in the early stages of its efforts and has not yet systematically identified the elements of its operations and supply chain that may involve increased risk, nor has it taken steps to manage these risks.

Enerkem did not take any measures in 2023 to remediate forced labour or child labour. Therefore, no measures were put in place to remediate the potential loss of income of the most vulnerable families that could have resulted had Enerkem taken actions to eliminate the use of forced labour or child labour. Currently, Enerkem does not employ measures to evaluate the effectiveness of its efforts to avoid resorting to forced labour or child labour in its activities and supply chains. In the future, Enerkem plans to implement a regular internal review or audit of its policies and procedures related to forced labour and child labour. Enerkem also plans to create anti-forced labour and anti-child labour contractual clauses that will be included in Enerkem's main supply agreements.

Although Enerkem has not yet provided training on forced labor and child labor to its personnel, it is committed to doing so in 2024.

# Our Commitments

In 2024, Enerkem aims to implement the following actions:

- Develop and implement a dedicated corporate policy against forced labour and child labour.
- Create anti-forced labour and anti-child labour contractual clauses that will be included in Enerkem's main supply agreements.
- Implement a regular internal review or audit of its policies and procedures related to forced labour and child labour.
- Offer training on combating forced labour and child labour to staff in our procurement and engineering departments who interact directly with key external partners.
- Further leverage Avetta's platform and encourage more of its suppliers to join the platform to facilitate the identification of risks of forced labour and child labour.



# Report Update

An annual update process is planned for this report. Each report will be published on Enerkem's website on or before May 31 of each year.

## Signature

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 listed above (Enerkem inc.). 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.

Dominique Boies  
Chief Executive Officer  
May 31st, 2024



I have the authority to bind Enerkem Inc.

